



Financial Statements  
December 31, 2018

# Boulder County Housing Authority

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## Independent Auditor's Report

The Board of Commissioners  
Boulder County Housing Authority  
Boulder, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Boulder County Housing Authority (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinion**

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 the discretely presented component units of Boulder County Housing Authority as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Notes 2 and 18 to the financial statements, Boulder County Housing Authority has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which has resulted in a restatement of the net position as of January 1, 2018. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of the Authority's proportionate share of net pension liability, the Authority's share of the pension contributions, the Authority's proportionate share of the net OPEB liability, and the Authority's OPEB contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder County Housing Authority's basic financial statements. The supplementary schedules on pages 80 – 83 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements.

The supplementary schedules on pages 80 – 83 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2019 on our consideration of Boulder County Housing Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boulder County Housing Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boulder County Housing Authority’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Bismarck, North Dakota  
June 27, 2019



Tungsten Village Rendering, Nederland, CO

# Management's Discussion and Analysis 2018



BOULDER COUNTY  
**HOUSING  
AUTHORITY**

## CONTENTS:

### Management's Discussion and Analysis

- Portfolio Overview
- Financial Highlights
- Outlook for the Authority in 2019
- Economic Factors Affecting the Authority's Future

### Financial Statements

### Notes to the Financial Statements

### Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. If you have questions concerning any of the information provided in this report, or if you would like to request additional financial information, please contact Will Kugel, Finance Director, Boulder County Housing Authority, PO Box 471, Boulder CO 80306, 303-441-1090 or email at [willkugel@bouldercounty.org](mailto:willkugel@bouldercounty.org).

## Management's Discussion and Analysis

The Boulder County Housing Authority's Management's Discussion and Analysis provides an overview of the housing authority's financial activities for the fiscal year ended December 31, 2018. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Authority's financial activity and position, and to identify financial trends and concerns. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the notes to the financial statements. This Management's Discussion and Analysis is presented in accordance with the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34).

The Authority, a blended component unit of Boulder County, Colorado, is a public purpose financial enterprise and, therefore follows enterprise fund accounting. The financial statements are produced on the accrual basis of accounting. The statements in 2018 include one blended component unit, MFPH Acquisitions LLC, of which the Authority is the sole owner, and three discrete component units which are described below.

The first component unit, Josephine Commons, LLC (the "Corporation") is a Colorado Limited Liability Company formed in 2011. The second component unit, Aspinwall, LLC (the "Corporation") is a Colorado Limited Liability Company formed in 2012. The third component unit, Kestrel I, LLC (the "Corporation") is a Colorado Limited Liability Company formed in 2016. All three component units are legally separate from the Authority. The majority interest in the entities are owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of these entities, its powers are limited to those specifically authorized in the respective operating agreements. Most significant transactions require approval of the investors. Accordingly, Josephine Commons, LLC, Aspinwall, LLC, and Kestrel I, LLC are discretely presented component units within the Authority's financial reporting entity.

Josephine Commons, LLC; Aspinwall, LLC and Kestrel I, LLC each issue stand-alone audited financial statements which can be obtained from the Authority's Website: [bouldercounty.org/departments/housing-and-human-services/transparency/](http://bouldercounty.org/departments/housing-and-human-services/transparency/)

The financial statements report information for all Authority and component unit programs and operations. The balance sheet includes all of the Authority's assets and liabilities. All of the revenues and expenses of the Authority are recorded in the statement of revenues, expenses and changes in net position.

In addition to reporting this supplementary information in the audit report, the Authority is required to submit financial information annually for most of its projects to related parties, such as federal, state and local grantors, bond insurers and individual banks for which the Authority holds notes and mortgages.

In accordance with Governmental Accounting Standards Board Statement of Governmental Accounting Standards No. 63, the financial statements include a balance sheet which reports all financial and capital resources of the Authority. Assets and liabilities are presented in order of liquidity. Assets are classified as "current" (convertible to cash within one year), "non-current," "capital assets" and "financing costs". Liabilities are classified as "current" (payable within one year) and "notes payable net of current portion".

The focus of the balance sheet is designated to represent the available assets, net of liabilities, for the entire organization. Net position is reported in three broad categories as applicable:

**Net Investment in Capital Assets** – This component consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position** – This component of net position consists of assets restricted when constraints are placed on use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position** – Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

The financial statements also include a statement of revenues, expenses, and changes in net position (similar to an income statement). This statement includes operating revenues (tenant revenue, operating grants, management and developer fee income, and other income), operating expenses (housing assistance payments, administrative costs, utilities, maintenance, depreciation, and other tenant and general expenses), and non-operating revenue and expenses (gain or loss on the sale of assets, interest income and interest expense).

The focus of the statement of revenues, expenses, and changes in net position is the change in net position for the year, which is similar to net income or net loss.

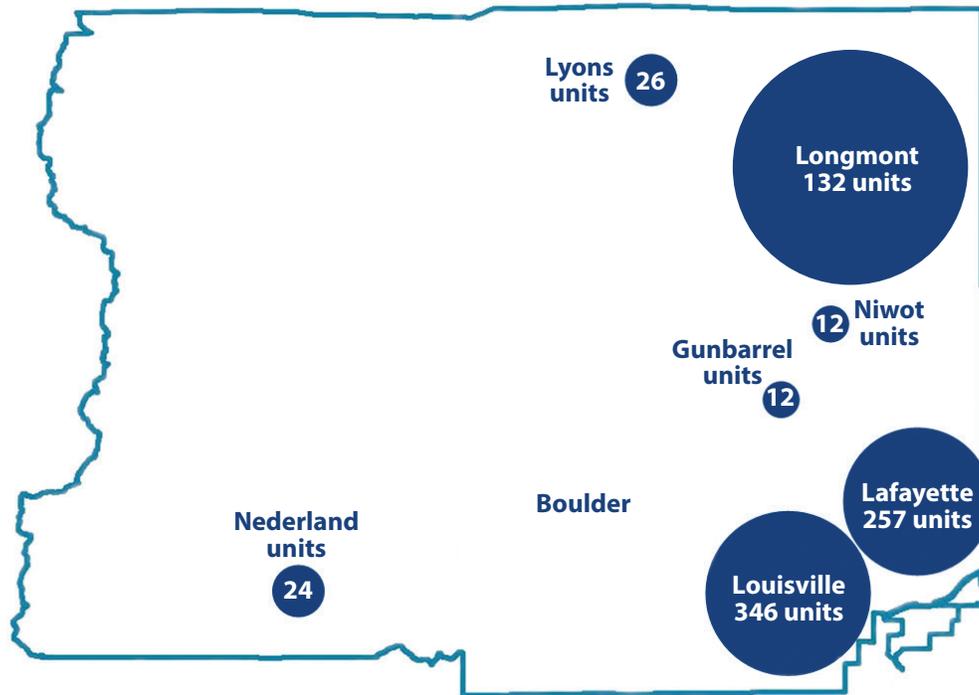
A statement of cash flows is included, which discloses net cash provided by or used in operating activities, investing activities, and from capital and related financing activities. This statement also includes a reconciliation of the change in net position to net cash from operating activities.

Finally, the financial statements also include the notes to financial statements, which provide additional information that is essential to a full understanding of the data provided in the Authority-wide statements. To fully understand the activities and financial statements of the Authority, the following is a brief description of the Authority's significant programs and services which are provided to residents within the county of Boulder.



## Portfolio Overview

The Boulder County Housing Authority consists of 809 units of affordable rental units that are scattered throughout the Boulder County area (see Inventory of Affordable Housing Map below). Of those 809 units, 441 are located within our Low-income Housing Tax Credit partnerships - Josephine Commons, Aspinwall, and Kestrel. The remaining 368 units are dispersed throughout the county in which the Authority owns and manages.



## Housing Choice Voucher (HCV) Program

The HCV Program is a rent subsidy program funded by the U.S. Department of Housing and Urban Development (HUD). The program assists individuals and families with very-low income, including seniors and people with disabilities. Assistance is provided on behalf of the participants, who secure their own housing within the community, with rent payments split in portions between the Authority and the household. As of December 31, 2018, the Authority had an annual contribution contract for 854 vouchers. Based on budget availability and cost per client, 775 vouchers are issued and utilized. The breakdown of these vouchers is detailed below.

### HUD-Veterans Affairs Supportive Housing (HUD-VASH) Program

The VASH program combines HCV rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers and community-based outreach clinics. All participants are referred to the Authority by the VA. The Authority currently has an allocation of 67 VASH vouchers with 64 vouchers utilized, as of December 31, 2018.

### Family Unification Program (FUP)

FUP is a supportive housing, early intervention program that provides housing with supportive case management services to both families with identified child welfare concerns and youth transitioning out of the foster care system within Boulder County. The objective is to promote family reunification, with the end result being the prevention of the removal of children from their parents due to housing instability. FUP also addresses the needs of homeless youth that have spent considerable time in the foster care system by offering supportive services, enhancing their opportunity for self-sufficiency and transition into adulthood. The Authority currently has an allocation of 50 FUP vouchers with 43 utilized as of December 31, 2018.

### **Project-Based Voucher (PBV) Program**

The PBV assistance is tied to the unit, rather than the person. Boulder County owns and manages properties throughout the County and offers these units to eligible residents at a cost that is affordable to them. Participants come from Boulder County's Family Self-Sufficiency Program, a 5-year academic, employment and savings initiative program designed to help families to gain job training and education, improve their family's financial situation, and move toward self-sufficiency. As of December 31, 2018, the Authority has utilized 126 project based vouchers.

### **Section 8 Voucher (Section 8)**

Under the voucher program, individuals or families with a voucher find and lease a unit (either in a specified complex or in the private sector) and pay a portion of the rent. Most households pay 30% of their adjusted income for Section 8 housing. As of December 31, 2018, the Authority has 483 Section 8 vouchers utilized.

### **Non-Elderly Disabled (NED)**

The NED program enables non-elderly disabled families to lease affordable private housing of their choice. As of December 31, 2018, the Authority has 35 NED vouchers utilized.

### **Other Vouchers**

The Authority has 24 other vouchers utilized which in combination include port in/port out, 13 RAD PBV, 3 homeowners, 4 disaster recovery, and 4 tenant protection vouchers.

## **Other Housing Assistance**

### **Tenant-Based Rental Assistance (TBRA) Program**

TBRA is a state-funded, two-year program through the Colorado Division of Housing, that provides housing vouchers and intensive case management to families with children in both the St. Vrain and Boulder Valley School Districts who are homeless or are at risk of becoming homeless. The program works closely with the McKinney-Vento school liaisons and life skills programs to positively affect the child's academic, attendance and behavioral performance, and their parents' education and employment goals, through housing stabilization. This program was discontinued in September of 2018. Tenants on this program were moved to the voucher program.

### **Housing Stabilization Program (HSP)**

HSP provides short-term rental assistance to residents of Boulder County who are at-risk of homelessness. HSP is funded by the Human Services Safety Net (HSSN), an initiative supported by the residents of Boulder County using property tax.

### **Continuum of Care Program (COC)**

In 2016, Boulder County received a federal grant from the US Department of Housing and Urban Development to fund a rapid re-housing program and support work to strengthen the safety net in Boulder. The grant will support approximately 30 families or individuals in Boulder County who are homeless or at imminent risk of homelessness. The COC Program is designed to promote a community-wide commitment with the goal of ending homelessness; providing funding for efforts by nonprofit providers and State and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused to homeless; and to promote access to and effect utilization of mainstream programs by homeless individuals and families.

### **Component Units - Partnerships in Low-Income Tax Credit Housing**

The Authority or its affiliate is the general partner in three tax credit partnerships with a total of 441 units that are operating as of December 31, 2018: Josephine Commons, LLC, Aspinwall, LLC, and Kestrel LLC. All of these entities are component units of the Authority.

### **Resident Services**

This service offers education, case management and supportive services to assist Boulder County residents on their path toward financial stability and self-sufficiency. Some of the programs include Personal Finance, Family Self-Sufficiency programs, Financial Classes and Casa de la Esperanza (House of Hope), a residential program that includes after school programs and an academic center.



## **Longs Peak Energy Conservation and Weatherization**

Through the Longs Peak Energy Conservation (LPEC) group of programs, the Authority provided the following free and subsidized home energy efficiency improvements and rehabilitation services to low-income households:

### **Weatherization**

The Weatherization Assistance Program provides home efficiency measures to increase affordability, safety, and comfort at no charge to households at or below 200% of the Federal Poverty Level throughout Boulder, Larimer, Gilpin, and Broomfield counties. Measures include: energy audits, insulation, air-sealing, furnace upgrades and more.

### **EnergySmart+**

Boulder County households whose income is at or below 80% of the area median income (AMI) level are eligible for the EnergySmart+ program. The program offers market-rate measures similar to the weatherization program, but is subsidized up to 50%. This program is offered in cooperation with the Boulder County-wide EnergySmart program.

### **Home Rehabilitation**

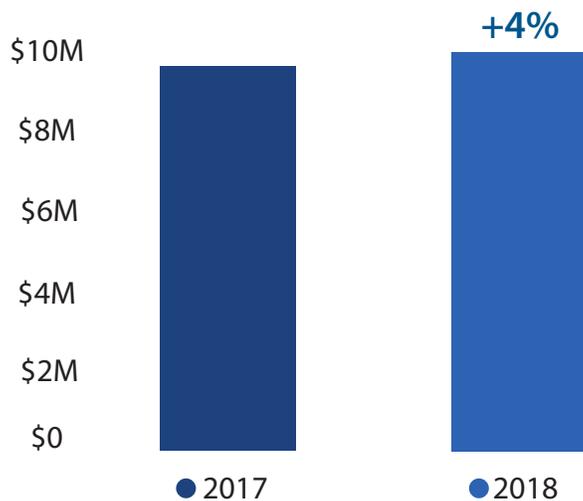
Four home rehabilitation programs are offered to eligible Boulder County households through LPEC. Each of these programs focuses on one of the following objectives: low-income households within the City of Boulder; low-income households in Boulder County (outside of the cities of Boulder and Longmont); households in need of accessibility improvements; and households affected by the disastrous floods of September 2013. Each program provides the services of a rehabilitation coordinator to assist homeowners in identifying needed repairs and improvements, contractor procurement, project management, and quality assurance. Depending on the program, assistance may be offered in the form of a grant, a loan, or a deferred loan.

### **Program Termination**

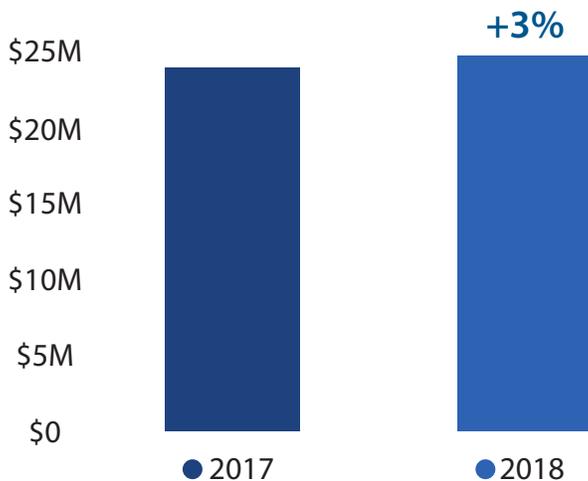
In June of 2018, LPEC did not renew its contract with the Colorado Energy Office (CEO). With the termination, several grant funds including CEO, Low-Income Energy Assistance Program (LEAP), and Colorado Severance tax that supported the Weatherization program were terminated. These decreases are reflected in other Grants and Direct Client Expense categories of the Statement of Revenue, Expenses, and Change in Net Position.

## The Authority's Financial Highlights

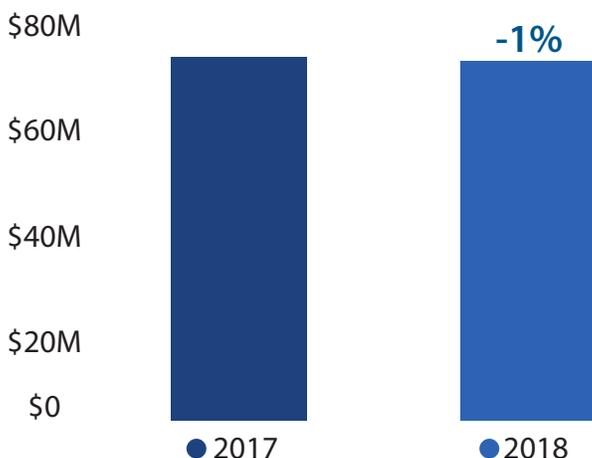
### Cash, Cash Equivalent, and Restricted Cash



### Total Capital Assets (Net)



### Total Assets



#### Assets:

Cash, Restricted Cash and Cash Equivalents increased \$353,826 or 4% over 2017. Significant increases in cash include \$1,750,000 from a transfer in from Boulder County to pre-fund the 2019 Housing Stabilization Program (HSP). Significant cash decreases include \$1,300,000 to pay off a note payable to Boulder County related to land purchased in 2017 for a future affordable housing development.

Total Accounts Receivable (A/R) increased \$377,022 or 19% over 2017. Current portion of A/R – Developer Fees increased \$1,762,228 primarily related to an expectation to receive a large portion of the deferred developer fee from Kestrel in 2019. AR - Due from Other Agencies decreased \$401,404. Significant drivers of the decrease include the intentional slower rate of spending of the Continuum of Care grant; discontinuation of the Weatherization contract with the Colorado Energy Office; and the termination of the HOME-TBRA program. AR - Due from Component Units decreased \$567,552 primarily due to reimbursements from Kestrel for the Authority's pre-funding of construction costs in 2017. A/R – Due From Boulder County decreased \$352,035 primarily due to the ending of the CDBG-DR program.

Long-term Developer Fees decreased \$2,752,357 or 48% over 2017 as the result of moving \$2,077,317 to Short-Term and receiving \$675,040 from Kestrel for meeting permanent loan conversion requirements.

Notes & Interest Receivable increased \$1,593,974 or 5% over 2017. During 2018, the Authority issued notes receivable to Kestrel totaling \$812,723. Long-term Accrued Interest Receivable increased \$788,219 and continues to grow as a result of the compounding of deferred interest on loans to the Authority's component units and to Eagle Place Partners, LLLP.

Total Net Capital Assets increased \$740,562 or 3% over 2017 largely attributable to increases in Nondepreciable assets related to pre-development costs for Tungsten Village in Nederland, Colorado and a future affordable housing project in Longmont, Colorado.

Total Assets and Deferred Outflows were \$71,799,983 as of December 31, 2018, a decrease of \$716,295 or 1% over 2017.

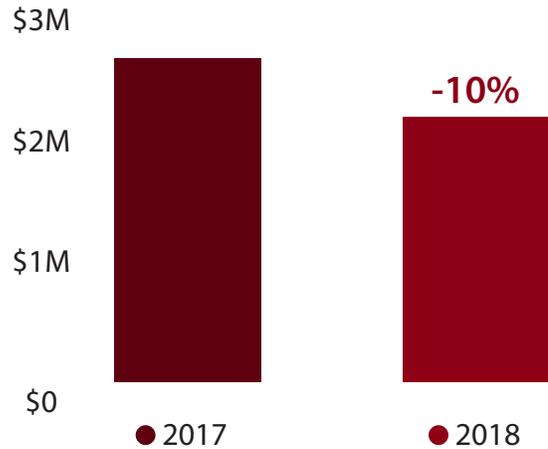
**Liabilities:**

Current Liabilities decreased \$238,505 or 10% over 2017. This decrease was largely driven by a combination of a reduction in Due to Boulder County and an increase in Accrued Liabilities. Due to Boulder County decreased \$393,484 which was related to a two-month payroll liability to Boulder County versus a three-month payroll liability at the end of 2017. Accrued Liabilities increased \$139,589 due to a large number of Family Self Sufficiency (FSS) clients preparing to graduate in 2019. FSS participants have an opportunity to save money in an escrow account while in the program. Upon graduation from the 5-year program, FSS participants may withdraw the funds to use towards the purchase of a home.

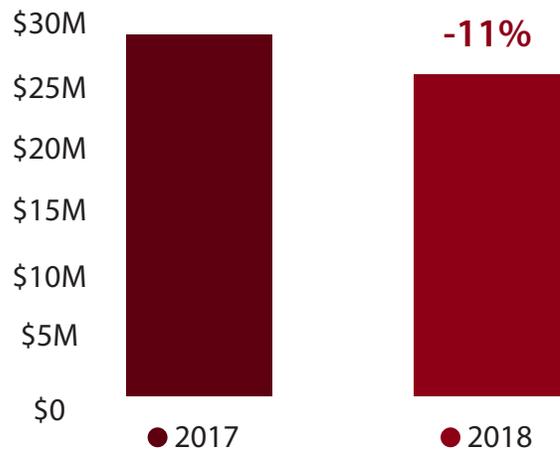
Long-term Liabilities decreased \$3,353,558 or 11% over 2017. Significant factors in the decrease include the payoff of the \$1,800,000 note payable to Boulder County including \$500,000 of loan forgiveness, decrease in the net pension liability of \$1,554,192 offset with an increase in the net postemployment benefits liability of \$474,042 as the result of implementing GASB 75.

Total Liabilities and Deferred Outflows were \$29,182,286 of December 31, 2018, a decrease of \$2,602,987 or 8% over 2017.

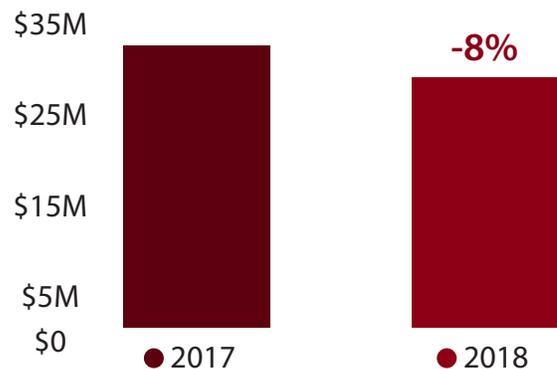
**Current Liabilities**



**Long-term Liabilities**



**Total Liabilities and Deferred Inflows**

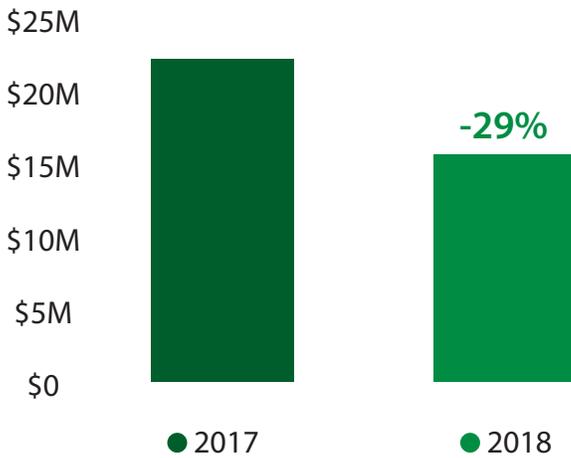


The following table reflects the condensed Statement of Net Position for the Authority:

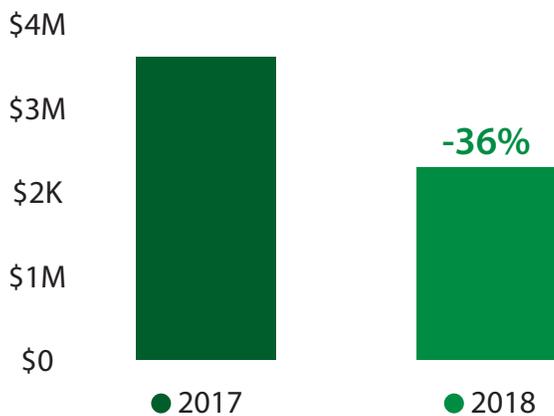
**Boulder County Housing Authority**  
**Net Position as of December 31, 2018**  
(in thousands of dollars)

	<u>2018</u>	<u>2017</u>
Cash, Restricted Cash & Cash Equivalents	\$ 9,846	\$ 9,492
Receivables	2,401	2,024
Prepaid Expenses	71	45
Inventory	20	110
Developer fees	2,954	5,707
Notes & Interest Receivable	30,871	29,277
Other assets	87	87
Capital Assets (Net)	<u>24,691</u>	<u>23,950</u>
Total Assets	<u>70,940</u>	<u>70,690</u>
Deferred Outflows	<u>860</u>	<u>1,826</u>
<b>Total Assets and Deferred Outflows</b>	<b><u>\$ 71,800</u></b>	<b><u>\$ 72,516</u></b>
Accounts Payable & Accrued Liabilities	\$ 1,150	\$ 1,076
Unearned Revenue	40	13
Due to Discretely Presented Component Units	3	2
Due to Boulder County	718	1,111
Tenant Security Deposits Payable	107	107
Notes, Mortgages, Bonds & Interest Payable	20,439	22,658
Net OPEB Liability	474	-
Net Pension Liability	<u>5,227</u>	<u>6,781</u>
Total Liabilities	<u>28,156</u>	<u>31,749</u>
Deferred Inflows	<u>1,026</u>	<u>37</u>
Net Investment in Capital Assets	7,894	4,929
Restricted	41	-
Unrestricted	<u>34,682</u>	<u>35,802</u>
Total Net Position	<u>42,618</u>	<u>40,731</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b><u>\$ 71,800</u></b>	<b><u>\$ 72,516</u></b>

## Total Operating Revenue



## Other Grants



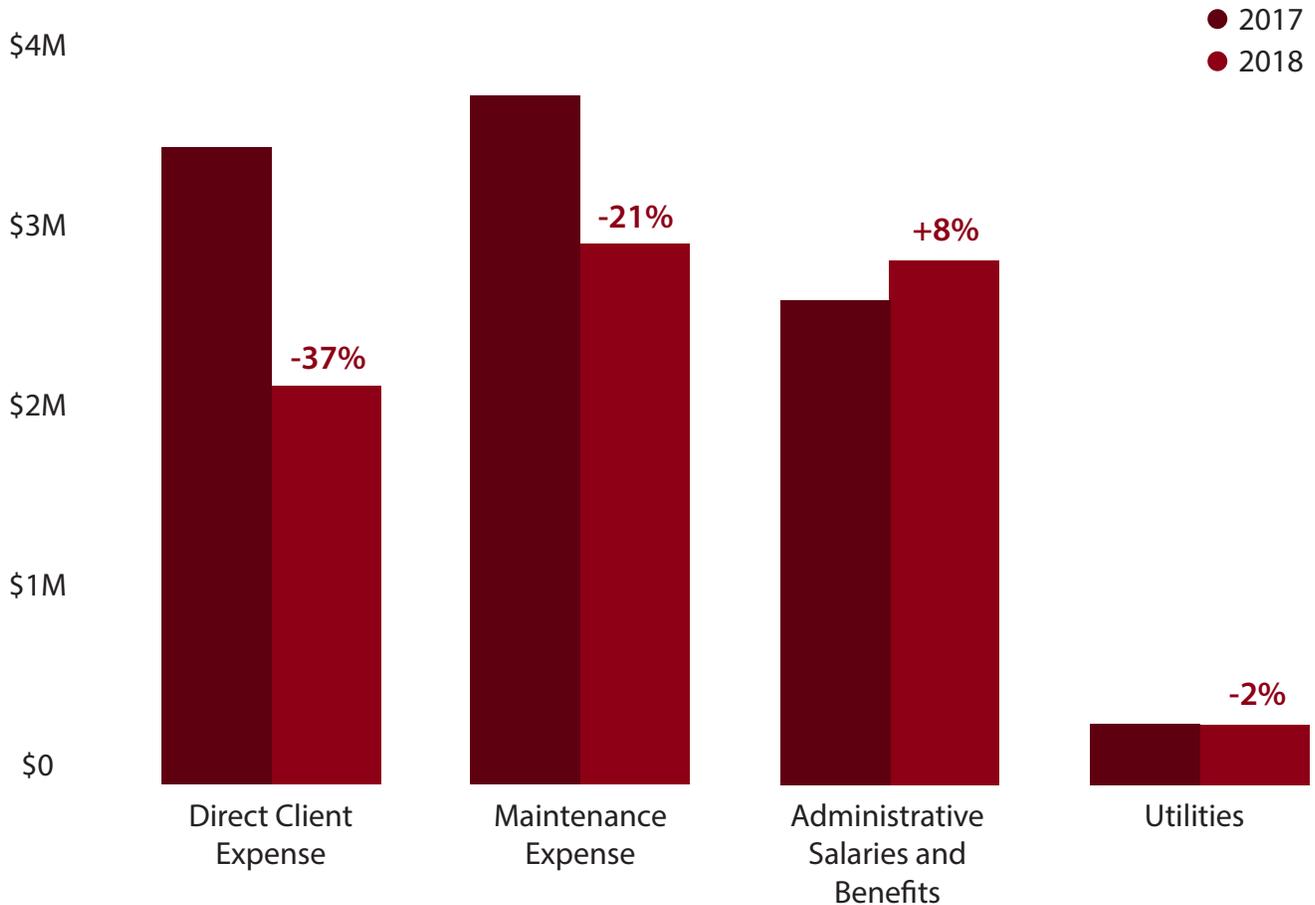
### Operating Revenue:

Operating Revenues decreased \$6,660,262 or 29% over 2017. The primary drivers of the decrease related to no new Developer Fee revenue recognized in 2018 while \$5,441,976 was recognized in 2017 and the discontinuation of several grant programs including weatherization, HOME-TBRA, and flood recovery.

Other Grant revenue was \$2,300,993, a \$1,332,589 or 36% decrease over 2017. Weatherization revenue decreased \$769,721 or 57% over 2017. The HOME-TBRA program revenue decreased \$204,715 or 50% over 2017. The CDBG-DR program revenue, with funding through the State Division of Housing, decreased \$696,060 or 75% over 2017. The reduction in revenue was expected.

Total Operating Revenues were \$15,932,823 for 2018.

## Operating Expenses



### Operating Expense:

Total Operating Expenses decreased 1,852,031 or 9% over 2017.

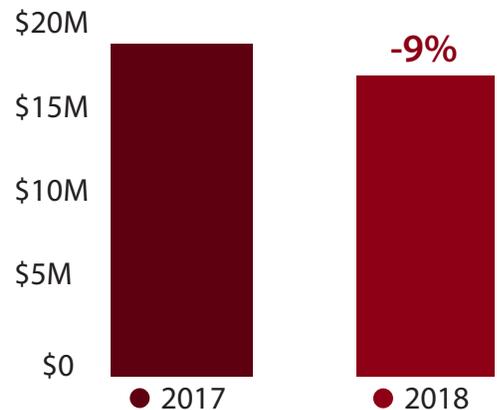
Corresponding to the reduction in grant revenue, grant expenditures decreased due to the discontinuation of several grant programs including weatherization, HOME-TBRA, and flood recovery.

Direct Client expense decreased \$1,288,863 or 37% decrease over 2017 primarily related to the decrease in spending in the HOME-TBRA and CDBG-DR programs. The HOME-TBRA program spending decreased \$207,568 or 50% over 2017. CDBG-DR spending decreased \$693,542 or 75% over 2017.

Three significant cost drivers for the Authority's property operations include Maintenance, Utility, and Administrative expenses. Maintenance expense was \$2,921,279, a 21% decrease over 2017. Utility expense for water, sewer, electricity, and gas was \$322,916 and averaged \$877 per unit, a 2% decrease over 2017. Administrative expense was \$2,835,363, an 8% increase over 2017.

Total Operating Expenses were \$17,696,600 for 2018.

## Total Operating Expenses







**Current ratio:** Also referred to as liquidity ratio (ability to pay short and long-term obligations) – the higher the current ratio, the more capable the company is of meeting its obligations. The Authority’s current ratio slightly increased in 2018 due to the payment of a current Notes Payable.

2018 **5.7**

**Portfolio Debt Service Coverage Ratio (DSCR):** DSCR is a measure of the cash flow available to meet annual interest and principle payments on debt. A DSCR greater than 1 means the entity has sufficient income to pay its current debt obligation.

The Authority has two bond groups that include a majority of the properties within its portfolio. These bond groups were refinanced in 2012 and 2013.

### 2017 2018 DSCR Comparison

	2017	2018
2012 Bond Group	1.15	0.99
2013 Bond Group	1.41	1.21

The following table reflects the condensed Statement of Changes in Net Position for the Authority:

**Boulder County Housing Authority**  
**Change in Net Position for the Year Ended December 31, 2018**  
(in thousands of dollars)

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
HUD PHA grants	\$ 10,411	\$ 10,476
Other Grants	2,301	3,637
Rental Income	2,142	2,055
Administration Fees	580	563
Management Fees	254	115
Developer Fee Income	-	5,442
Interest Income	821	767
Donation of Real Property	162	145
Donations	100	-
Other	244	305
<b>Total Revenues</b>	<u><b>17,016</b></u>	<u><b>23,505</b></u>
<b>Expenses</b>		
Housing Assistance Payments	8,216	8,236
Administration	2,835	2,616
Maintenance	2,921	3,719
Direct Client Expense	2,153	3,442
Depreciation & Amortization	829	815
Utilities	323	331
Insurance	316	302
Interest Expense	592	612
Other Expenses	102	88
<b>Total Expenses</b>	<u><b>18,299</b></u>	<u><b>20,160</b></u>
<b>Loss Before Transfers</b>	<u><b>(1,282)</b></u>	<u><b>3,345</b></u>
<b>Transfers from Primary Government</b>	<u><b>3,636</b></u>	<u><b>1,618</b></u>
<b>Change in Net Position</b>	<u><b>2,354</b></u>	<u><b>4,963</b></u>
<b>Net Position Beginning of Year, as Originally Reported</b>	<u><b>40,731</b></u>	<u><b>35,768</b></u>
<b>Adjustment for Adoption of New Standard</b>	<u><b>(467)</b></u>	<u><b>-</b></u>
<b>Net Position Beginning of Year, as Restated</b>	<u><b>40,264</b></u>	<u><b>35,768</b></u>
<b>Net Position - End of Year</b>	<u><u><b>\$ 42,618</b></u></u>	<u><u><b>\$ 40,731</b></u></u>

## Outlook for the Authority in 2019 Includes:

- Close on construction financing and begin construction on the Authority's fourth discretely presented component unit Tungsten Village, LLC located in Nederland, Colorado.
- Continue to execute capital plan for controlled maintenance and rehabilitation of the existing Authority properties.
- Pre-development and preparation of a 4% LIHTC project consisting of 73 units of affordable housing in Longmont, Colorado.

## Economic Factors Affecting the Authority's Future

### Significant economic factors affecting the Authority in 2018 are as follows:

- Federal funding of the U.S. Department of Housing and Urban Development, which affect the Authority's Housing Counseling and Housing Choice Voucher programs
- Federal funding of the U.S. Department of Energy, which affect the Weatherization Program
- Inflationary pressure on utility rates, supplies and other costs
- Affordable Housing market vacancy rates
- Interest rates changes

### 73 Units Proposed · Coffman Street Rendering (Longmont)



Boulder County Housing Authority  
Balance Sheet  
December 31, 2018

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows		
Current Assets		
Cash and cash equivalents	\$ 7,855,495	\$ 3,133,994
Restricted cash and cash equivalents	1,990,181	2,759,783
Accounts receivable		
Tenants	131,303	26,383
Developer fees	2,077,317	-
Other	1,132	-
Due from Boulder County Housing Authority	-	2,606
Due from other agencies	99,648	-
Due from component units	75,880	-
Due from Boulder County	15,442	-
Prepaid expenses	71,310	75,779
Inventory	20,135	-
Total Current Assets	<u>12,337,843</u>	<u>5,998,545</u>
Developer Fees	<u>2,954,176</u>	<u>-</u>
Notes Receivable	<u>27,130,409</u>	<u>-</u>
Accrued Interest Receivable	<u>3,740,403</u>	<u>-</u>
Other Assets	<u>86,500</u>	<u>371,786</u>
Capital Assets		
Non-depreciable	11,090,802	6,751,698
Depreciable, net	<u>13,600,171</u>	<u>108,178,256</u>
Total Capital Assets	<u>24,690,973</u>	<u>114,929,954</u>
Total Assets	<u>70,940,304</u>	<u>121,300,285</u>
Deferred Outflows		
Pensions	814,802	-
Other postemployment benefits	<u>44,877</u>	<u>-</u>
Total Deferred Outflows	<u>859,679</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 71,799,983</u>	<u>\$ 121,300,285</u>

Boulder County Housing Authority  
Balance Sheet  
December 31, 2018

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
<b>Liabilities, Deferred Inflows and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 481,788	\$ 71,050
Accrued liabilities	323,443	19,373
Accrued compensated absences	19,004	-
Accrued interest payable	55,875	147,346
Unearned revenues	40,218	53,909
Due to discretely presented component units	2,606	-
Due to Boulder County Housing Authority	-	75,880
Due to Boulder County	717,620	-
Tenant security deposits payable	106,739	133,474
Developer fee payable	-	2,077,317
Notes, mortgages and bonds payable - current portion	438,172	608,798
<b>Total Current Liabilities</b>	<u>2,185,465</u>	<u>3,187,147</u>
<b>Long-Term Liabilities</b>		
Accrued compensated absences	166,137	-
Developer fee payable	-	2,954,176
Accrued interest payable	-	2,928,348
Accrued liabilities - long-term	159,340	-
Notes, mortgages and bonds payable - net of current portion	19,944,864	69,245,200
Net postemployment benefits liability	474,042	-
Net pension liability	5,226,645	-
<b>Total Long-Term Liabilities</b>	<u>25,971,028</u>	<u>75,127,724</u>
<b>Total Liabilities</b>	<u>28,156,493</u>	<u>78,314,871</u>
<b>Deferred Inflows</b>		
Pensions	1,017,864	-
Other postemployment benefits	7,929	-
<b>Total Deferred Inflows</b>	<u>1,025,793</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	7,894,012	45,075,956
Restricted	41,328	-
Unrestricted	34,682,357	(2,090,542)
<b>Total Net Position</b>	<u>42,617,697</u>	<u>42,985,414</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 71,799,983</u>	<u>\$ 121,300,285</u>

Boulder County Housing Authority  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2018

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 10,411,213	\$ -
Other grants	2,300,993	-
Rental income	2,142,304	5,494,009
Administration fees	580,403	-
Management fees	254,197	-
Other	243,713	137,665
Total operating revenues	<u>15,932,823</u>	<u>5,631,674</u>
Operating Expenses		
Housing assistance payments	8,216,130	-
Administrative salaries and benefits	2,156,198	261,235
Maintenance salaries and benefits	1,790,787	266,308
Regular and extraordinary maintenance	1,130,492	565,897
Direct client expenses	2,153,438	-
Other administrative	679,165	363,728
Depreciation and amortization	829,385	5,010,399
Utilities	322,916	660,183
Insurance	315,679	258,693
Other expenses	102,410	41,886
Total operating expenses	<u>17,696,600</u>	<u>7,428,329</u>
Operating Loss	<u>(1,763,777)</u>	<u>(1,796,655)</u>
Non-Operating Revenues (Expenses)		
Interest income	821,379	10,445
Interest expense	(592,115)	(2,547,487)
Donation of real property	162,536	-
Donations	100,000	-
Other	(10,274)	-
Total Non-Operating Revenues (Expenses)	<u>481,526</u>	<u>(2,537,042)</u>
Loss Before Other Contributions (Distributions) and Transfers	(1,282,251)	(4,333,697)
Other Contributions (Distributions) and Transfers		
Member contributions, net of syndication costs	-	5,190,008
Member distributions	-	(2,863)
Transfers from Boulder County	3,635,792	-
Change in Net Position	<u>2,353,541</u>	<u>853,448</u>
Net Position - Beginning of Year, as Originally Reported	40,731,005	42,131,966
Adjustment for Adoption of New Standard	<u>(466,849)</u>	<u>-</u>
Net Position - Beginning of Year, as Restated	<u>40,264,156</u>	<u>42,131,966</u>
Net Position - End of Year	<u>\$ 42,617,697</u>	<u>\$ 42,985,414</u>

Boulder County Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2018

	Primary Government	Discretely Presented Component Units
<b>Operating Activities</b>		
HUD PHA grants	\$ 10,411,213	\$ -
Other grants	2,328,431	-
Receipts from tenants	2,157,596	5,555,580
Administration fees	580,403	-
Management fee income	254,197	-
Developer fee income	990,129	-
Other income	295,344	137,665
Housing assistance payments	(8,216,130)	-
Payments to employees	(3,523,409)	(527,543)
Payments to suppliers	(4,577,121)	(1,947,090)
<b>Net Cash from Operating Activities</b>	<b>700,653</b>	<b>3,218,612</b>
<b>Noncapital Financing Activities</b>		
Advances from (payments to) related party	928,339	3,817
Transfers in from Boulder County	3,135,792	-
<b>Net Cash from Noncapital Financing Activities</b>	<b>4,064,131</b>	<b>3,817</b>
<b>Capital and Related Financing Activities</b>		
Proceeds from construction note payable	-	5,169,281
Payments to related party	-	(571,369)
Principal payments on long-term debt	(1,724,552)	(326,354)
Principal payments on construction note payable	-	(26,791,240)
Proceeds from long-term debt borrowings	-	812,723
Interest paid on long-term debt	(586,909)	(1,739,829)
Payments on developer fee payable	-	(990,129)
Member contributions	-	5,190,008
Member distributions	-	(2,863)
Acquisition of capital assets	(1,423,491)	(3,930,108)
Acquisition of other assets	-	(158,433)
Proceeds from donations	100,000	-
<b>Net Cash used for Capital and Related Financing Activities</b>	<b>(3,634,952)</b>	<b>(23,338,313)</b>
<b>Investing Activities</b>		
Issuance of notes receivable	(872,970)	-
Payments received on notes receivable	60,519	-
Interest income	36,445	10,445
<b>Net Cash from (used for) Investing Activities</b>	<b>(776,006)</b>	<b>10,445</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>353,826</b>	<b>(20,105,439)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>9,491,850</b>	<b>25,999,216</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 9,845,676</b>	<b>\$ 5,893,777</b>

Boulder County Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2018

	Primary Government	Discretely Presented Component Units
Reconciliation of Cash and Cash Equivalents		
Cash	\$ 7,855,495	\$ 3,133,994
Restricted Cash	1,990,181	2,759,783
Total Cash and Cash Equivalents	\$ 9,845,676	\$ 5,893,777
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (1,763,777)	\$ (1,796,655)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and amortization	829,385	5,010,399
Change in net postemployment benefits liability	7,193	-
Change in net pension liability	(1,554,192)	-
Changes in assets and liabilities		
Change in receivables	3,013,162	10,432
Change in prepaid expenses	(26,560)	(55,475)
Change in inventory	95,357	-
Change in accounts payable	10,423	(1,793)
Change in accrued expenses	62,927	565
Change in unearned revenues	27,438	18,441
Change in security deposits payable	(703)	32,698
Net Cash from Operating Activities	\$ 700,653	\$ 3,218,612
Supplemental Disclosure of Noncash Investing and Financing Activities		
Decrease in notes, mortgages and bonds payable from forgiveness of debt	\$ 500,000	\$ -
Increase in notes, mortgages and bonds payable from addition of interest to principal balance	\$ 25,654	\$ -
Increase in capital assets from donation	\$ 162,536	\$ -
Conversion of construction note payable to permanent financing	\$ -	\$ 25,300,000



Boulder County Housing Authority  
Combining Balance Sheet – Component Units  
December 31, 2018

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 613,373	\$ 790,197	\$ 1,730,424	\$ 3,133,994
Restricted cash and cash equivalents	625,695	1,155,669	978,419	2,759,783
Accounts receivable				
Tenants	129	16,932	9,322	26,383
Other	-	-	-	-
Due from Boulder County Housing Authority	2,481	-	125	2,606
Prepaid Expenses	37,360	896	37,523	75,779
<b>Total Current Assets</b>	<u>1,279,038</u>	<u>1,963,694</u>	<u>2,755,813</u>	<u>5,998,545</u>
Other Assets, net of Accumulated Amortization	52,202	79,106	240,478	371,786
<b>Capital Assets</b>				
Non-depreciable	87,200	3,387,965	3,276,533	6,751,698
Depreciable, net	12,608,505	29,753,355	65,816,396	108,178,256
<b>Total Capital Assets</b>	<u>12,695,705</u>	<u>33,141,320</u>	<u>69,092,929</u>	<u>114,929,954</u>
<b>Total Assets</b>	<u>\$ 14,026,945</u>	<u>\$ 35,184,120</u>	<u>\$ 72,089,220</u>	<u>\$ 121,300,285</u>

Boulder County Housing Authority  
Combining Balance Sheet – Component Units  
December 31, 2018

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 9,354	\$ 35,179	\$ 26,517	\$ 71,050
Accrued liabilities	6,149	5,797	7,427	19,373
Accrued interest payable	16,804	47,218	83,324	147,346
Unearned revenues	3,747	12,948	37,214	53,909
Due to Boulder County Housing Authority	15,197	26,239	34,444	75,880
Tenant security deposits payable	20,700	56,111	56,663	133,474
Developer fee payable	-	264,557	1,812,760	2,077,317
Notes, mortgages and bonds payable - current portion	29,434	269,835	309,529	608,798
<b>Total Current Liabilities</b>	<b>101,385</b>	<b>717,884</b>	<b>2,367,878</b>	<b>3,187,147</b>
<b>Long-Term Liabilities</b>				
Developer fee payable	-	-	2,954,176	2,954,176
Accrued interest payable	375,998	1,863,714	688,636	2,928,348
Notes, mortgages and bonds payable - net of current portion	4,437,170	26,641,635	38,166,395	69,245,200
<b>Total Long-Term Liabilities</b>	<b>4,813,168</b>	<b>28,505,349</b>	<b>41,809,207</b>	<b>75,127,724</b>
<b>Total Liabilities</b>	<b>4,914,553</b>	<b>29,223,233</b>	<b>44,177,085</b>	<b>78,314,871</b>
<b>Net Position</b>				
Net investment in capital assets	8,229,101	6,229,850	30,617,005	45,075,956
Restricted	-	-	-	-
Unrestricted	883,291	(268,963)	(2,704,870)	(2,090,542)
<b>Total Net Position</b>	<b>9,112,392</b>	<b>5,960,887</b>	<b>27,912,135</b>	<b>42,985,414</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 14,026,945</b>	<b>\$ 35,184,120</b>	<b>\$ 72,089,220</b>	<b>\$ 121,300,285</b>

Boulder County Housing Authority  
Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units  
Year Ended December 31, 2018

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
Operating Revenues				
Rental income	\$ 733,198	\$ 2,168,604	\$ 2,592,207	\$ 5,494,009
Other	2,279	16,577	118,809	137,665
Total operating revenues	<u>735,477</u>	<u>2,185,181</u>	<u>2,711,016</u>	<u>5,631,674</u>
Operating Expenses				
Administrative salaries and benefits	49,800	84,856	126,579	261,235
Maintenance salaries and benefits	80,939	101,363	84,006	266,308
Regular and extraordinary maintenance	113,402	228,706	223,789	565,897
Other administrative	51,905	157,783	154,040	363,728
Depreciation and amortization	467,426	1,329,721	3,213,252	5,010,399
Utilities	57,930	297,017	305,236	660,183
Insurance	36,091	94,800	127,802	258,693
Other expenses	29,079	5,797	7,010	41,886
Total operating expenses	<u>886,572</u>	<u>2,300,043</u>	<u>4,241,714</u>	<u>7,428,329</u>
Operating Loss	<u>(151,095)</u>	<u>(114,862)</u>	<u>(1,530,698)</u>	<u>(1,796,655)</u>
Non-Operating Revenues (Expenses)				
Interest income	113	10,332	-	10,445
Interest expense	(274,505)	(970,153)	(1,302,829)	(2,547,487)
Total Non-Operating Revenues (Expenses)	<u>(274,392)</u>	<u>(959,821)</u>	<u>(1,302,829)</u>	<u>(2,537,042)</u>
Loss Before Other				
Contributions (Distributions)	<u>(425,487)</u>	<u>(1,074,683)</u>	<u>(2,833,527)</u>	<u>(4,333,697)</u>
Other Contributions (Distributions)				
Member contributions, net of syndication costs	-	-	5,190,008	5,190,008
Member distributions	(2,863)	-	-	(2,863)
Total Other Contributions (Distributions)	<u>(2,863)</u>	<u>-</u>	<u>5,190,008</u>	<u>5,187,145</u>
Change in Net Position	(428,350)	(1,074,683)	2,356,481	853,448
Net Position - Beginning of Year	<u>9,540,742</u>	<u>7,035,570</u>	<u>25,555,654</u>	<u>42,131,966</u>
Net Position - End of Year	<u>\$ 9,112,392</u>	<u>\$ 5,960,887</u>	<u>\$27,912,135</u>	<u>\$42,985,414</u>

Boulder County Housing Authority  
Combining Statement of Cash Flows – Component Units  
Year Ended December 31, 2018

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
<b>Operating Activities</b>				
Receipts from tenants	\$ 734,164	\$ 2,189,141	\$ 2,632,275	\$ 5,555,580
Other income	2,279	16,577	118,809	137,665
Payments to employees	(130,739)	(186,219)	(210,585)	(527,543)
Payments to suppliers	(322,998)	(797,939)	(826,153)	(1,947,090)
<b>Net Cash from Operating Activities</b>	<b>282,706</b>	<b>1,221,560</b>	<b>1,714,346</b>	<b>3,218,612</b>
<b>Noncapital Financing Activity</b>				
Advances from related party	3,817	-	-	3,817
<b>Capital and Related Financing Activities</b>				
Proceeds from construction note payable	-	-	5,169,281	5,169,281
Payments to related party	-	(54,050)	(517,319)	(571,369)
Principal payments on long-term debt	(27,290)	(248,655)	(50,409)	(326,354)
Principal payments on construction note payable	-	-	(26,791,240)	(26,791,240)
Proceeds from issuance of long-term debt	-	-	812,723	812,723
Interest paid on long-term debt	(205,561)	(582,589)	(951,679)	(1,739,829)
Payment on developer fee payable	(34,507)	(280,582)	(675,040)	(990,129)
Equity contributions	-	-	5,190,008	5,190,008
Equity distributions	(2,863)	-	-	(2,863)
Acquisition of capital assets	(700)	(14,699)	(3,914,709)	(3,930,108)
Acquisition of other assets	-	-	(158,433)	(158,433)
<b>Net Cash used for Capital and Related Financing Activities</b>	<b>(270,921)</b>	<b>(1,180,575)</b>	<b>(21,886,817)</b>	<b>(23,338,313)</b>
<b>Investing Activity</b>				
Interest income	113	10,332	-	10,445
<b>Net Change in Cash and Cash Equivalents</b>	<b>15,715</b>	<b>51,317</b>	<b>(20,172,471)</b>	<b>(20,105,439)</b>
Cash and Cash Equivalents, Beginning of Year	1,223,353	1,894,549	22,881,314	25,999,216
Cash and Cash Equivalents, End of Year	<u>\$ 1,239,068</u>	<u>\$ 1,945,866</u>	<u>\$ 2,708,843</u>	<u>\$ 5,893,777</u>

Boulder County Housing Authority  
Combining Statement of Cash Flows – Component Units  
Year Ended December 31, 2018

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
Reconciliation of Cash and Cash Equivalents				
Cash	\$ 613,373	\$ 790,197	\$ 1,730,424	\$ 3,133,994
Restricted Cash	625,695	1,155,669	978,419	2,759,783
Total Cash and Cash Equivalents	<u>\$ 1,239,068</u>	<u>\$ 1,945,866</u>	<u>\$ 2,708,843</u>	<u>\$ 5,893,777</u>
Reconciliation of operating loss to net cash from operating activities				
Operating loss	\$ (151,095)	\$ (114,862)	\$ (1,530,698)	\$ (1,796,655)
Adjustments to reconcile operating loss to net cash from operating activities				
Depreciation and amortization	467,426	1,329,721	3,213,252	5,010,399
Changes in assets and liabilities				
Change in receivables	48	16,026	(5,642)	10,432
Change in prepaid expenses	(37,360)	(96)	(18,019)	(55,475)
Change in accounts payable	2,590	(13,909)	9,526	(1,793)
Change in accrued expenses	179	169	217	565
Change in unearned revenues	1,218	3,486	13,737	18,441
Change in security deposits payable	(300)	1,025	31,973	32,698
Net Cash from Operating Activities	<u>\$ 282,706</u>	<u>\$ 1,221,560</u>	<u>\$ 1,714,346</u>	<u>\$ 3,218,612</u>

## **Note 1 - Nature of Operations and Significant Accounting Policies**

### **General**

The Boulder County Housing Authority is a corporate body created in 1975 and uses available federal, state and local resources to serve the residents of Boulder County, Colorado, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 809 units of affordable housing in Boulder County and administers 702 Section 8 housing choice vouchers, 50 family unification program (FUP) vouchers, 67 Section 8 VASH vouchers, and 35 non-elderly disabled (NED) vouchers as of December 31, 2018.

The Authority is governed by a three-member Board of Commissioners.

### **Reporting Entity**

The Authority's financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separated (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization's board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority

The Authority is included in Boulder County's reporting entity because of the significance of its operational and financial relationship with the County.

### **Blended Component Units**

Four additional organizations are included in the financial reporting entity of the Authority as blended component units. MFPH Acquisitions LLC (MFPH) was created in April 2008 for the purpose of receiving certain affordable housing units from the Authority and will hold, manage and, at a future time determined by MFPH, sell the units at fair market value. Josephine Commons Manager, LLC is wholly owned by the Authority and is the managing member of Josephine Commons, LLC. Aspinwall Manager, LLC is wholly owned by the Authority and is the managing member of Aspinwall, LLC. Kestrel Manager, LLC is wholly owned by the Authority and is the managing member of Kestrel I, LLC. The sole member of all four companies is the Boulder County Housing Authority which is able to impose its will on the organizations. Accordingly, the activities and the ending balances of MFPH, Josephine Commons Manager, LLC, Aspinwall Manager, LLC, and Kestrel Manager, LLC are reported within the proprietary funds of the Authority. Josephine Commons Manager, LLC, Aspinwall Manager, LLC, and Kestrel Manager, LLC have little or no activity. Separate financial statements for the blended component units are not issued. Condensed component unit information for MFPH Acquisitions LLC is disclosed in Note 17.

### Discretely Presented Component Units

The component unit column of the combined financial statements includes the financial data of the Authority's discretely presented component units as of December 31, 2018. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

Josephine Commons, LLC (Josephine Commons) was formed to acquire, own, develop, construct and lease, manage and operate a low income housing tax credit project with 74 units for low-income and elderly residents in Lafayette, Colorado. The managing member of the Company, Josephine Commons Manager, LLC, is wholly owned by the Boulder County Housing Authority. Josephine Commons Manager, LLC has an ownership percentage of .009%. As the managing member, the Authority has the day to day management responsibilities of the Company.

Aspinwall, LLC (Aspinwall) was formed to develop, construct, rehabilitate, own, maintain, and operate a 167-unit multi-family complex for low-income and elderly residents. The project is to include 95 scattered site rehabilitated units and 72 new construction units in Lafayette, Colorado. The managing member of the Company, Aspinwall Manager, LLC, is wholly owned by the Boulder County Housing Authority. Aspinwall Manager, LLC has an ownership percentage of .009%. As the managing member, the Authority has the day to day management responsibilities of the Company.

Kestrel I, LLC (Kestrel) was formed to develop, construct, rehabilitate, own, maintain, and operate a 200-unit multi-family complex for low-income and elderly residents in Louisville, Colorado. The managing member of the Company, Kestrel Manager, LLC, is wholly owned by the Boulder County Housing Authority. Kestrel Manager, LLC has an ownership percentage of .009%. As the managing member, the Authority has the day to day management responsibilities of the Company.

The financial statements of the discretely presented component units are presented in the Authority's basic financial statements. Complete financial statements of the individual component units can be obtained from the Finance Director, Boulder County Housing Authority, PO Box 471, Boulder CO 80306.

### **Program Accounting**

The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The Authority classifies its programs as proprietary.

### **Basis of Accounting and Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Net position is segregated into invested in capital assets, restricted and unrestricted components. The statements of revenues, expenses and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The statements of cash flows present the cash flows for operating activities, investing activities, capital and related financing activities and non-capital financing activities.

**Cash and Cash Equivalents**

The Authority’s cash deposits can only be invested in HUD approved investments: direct obligations of the Federal Government backed by the full faith and credit of the United States, obligations of government agencies, securities of government sponsored agencies, demand and savings deposits, time deposits, repurchase agreements, and other securities approved by HUD.

For the purposes of the statement of cash flows, the Authority considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Revenues are recorded when earned and are reported as accounts receivable until collected. Accounts receivable 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. As of December 31, 2018, the Authority considered all accounts receivable to be fully collectable.

**Notes and Interest Receivable**

Notes and interest receivable are carried at amounts advanced, net of reserve for uncollectable accounts, if any. As of December 31, 2018, the Authority considered all notes and interest receivables to be fully collectable.

**Inventory**

Inventories are valued at the lower of cost or market using the first-in/first-out method.

**Capital Assets**

Land, buildings and improvements, and equipment are recorded at cost, including indirect development costs. The Organization uses a capitalization threshold of \$5,000. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5-45 years
Equipment	10-12 years
Furniture and fixtures	3-15 years
Vehicles	5 years

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2018.



### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Balance Sheet includes a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority's Deferred Outflows for Pensions and OPEB represents the amount of pension and health care trust fund contributions made to the State plans subsequent to the December 31, 2017 measurement date, the deferred variance in expected to actual investment earnings, the deferred experience gains and losses, changes in employer proportion and differences between contributions recognized and proportionate share of contributions and changes in assumptions.

In addition to liabilities, the Balance Sheet includes a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's Deferred Inflows for Pensions and OPEB represents the change in the Authority's "proportionate share" developed to distribute the aggregate plan liability and expense among all the employers' represented by the cost-sharing multiple-employer defined benefit pension plan in which the Authority participates, the deferred experience gains and losses, and the change in pension and health care investments.

### **Fraud Recovery**

HUD requires the Authority to account for monies recovered from tenants who committed fraud or misrepresentation in the application process for rent calculations and now owe additional rent for prior periods or retroactive rent as fraud recovery. The monies recovered are shared by HUD and the local authority.

### **Operating Revenues and Expenses**

The Authority considers all revenues and expenses (including HUD intergovernmental revenues and expenses) as operating items with the exception of interest income, interest expense, gain on sale of capital assets, donations of real property, transfers from primary government, HUD capital grant income, member contributions, and member distributions which are considered non-operating for financial reporting purposes.

### **Restricted and Unrestricted Resources**

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **Accumulated Unpaid Vacation and Sick Leave**

The Authority follows Boulder County's policy on unpaid vacation and sick leave. The policy allows employees to accumulate unused vacation and medical leave benefits up to certain maximum hours. Upon termination, all unused vacation leave benefits are paid to the employee. Medical leave benefits may be paid to the employee depending on hire date or length of service. Employees hired as full-time employees prior to June 1, 1987, except Social Security Department employees, who have worked for the County for 20 years or who are eligible for retirement at age 62 are paid all unused medical leave benefits. Employees hired as full-time employees prior to June 1, 1987, except Social Security Department employees, and have not worked for the County for 20 years nor are they eligible for retirement at age 62, are paid 50% of their unused medical leave. All other employees not listed in the above two categories, are not paid for unused medical leave.

### **Unearned Revenues**

As of December 31, 2018, the Authority's unearned revenues consisted of prepaid rents of \$40,218. At December 31, 2018, the discretely presented component units' unearned revenue consisted of prepaid rents of \$53,909.

### **Components of Net Position**

Components of net position include the following:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the balance sheet that are subject to restraints on their use by HUD.
- Unrestricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the balance sheet that are not subject to restraints on their use.

### **Business and Credit Risk**

The Authority provides housing on account to clients which are located in Boulder County, Colorado.

### **Budgetary**

The Authority's annual budgets are the annual contracts, which are with, and approved by, HUD. No budget to actual statements are presented in this report, as housing authorities are not legally required to adopt a budget under the Local Government Budget Law of Colorado.

### **Accounting Estimates**

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Pensions**

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and December 31, 2018.

### **Postemployment Benefits Other Than Pensions (OPEB)**

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

### **Note 2 - Change in Accounting Policy**

As of January 1, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Net OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard is included in Note 13.

### **Note 3 - Deposits and Investments**

#### **Primary Government**

##### **Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the 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 aggregate uninsured deposits. The general depository agreement required by annual contract with HUD has additional collateral requirements, which the Authority met in 2018.

### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2018, the Organization's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2018, the Authority's carrying amount of deposits was \$9,845,676 and bank balances totaled \$9,882,321. Of the bank balances, \$756,080 was covered by Federal Depository Insurance. Of the remaining balances for 2018, \$9,126,241 was collateralized with securities held by the pledging financial institution's agent in the government's name.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2018, investments held by the Authority are held in a local government investment pool totaling \$1,900,675. These funds are classified as cash and cash equivalents on the balance sheet.

### **Investments**

#### **Authorized Investments**

Boulder County Housing Authority does not have an investment policy, but is subject to the general provisions of the Colorado Revised Statutes (C.R.S. 24-75-601).

The Colorado Revised Statutes limit investment maturities to three years or five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

### **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The money market mutual fund and the local government investment pool investment owned by the Authority are rated AAA by Standard & Poor's.

At December 31, 2018, the Authority had \$1,900,675 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00.

### **Discretely Presented Component Units**

#### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, Josephine Commons, LLC's; Aspinwall, LLC's; and Kestrel I, LLC's deposits may not be returned to them.

At December 31, 2018, Josephine Commons' carrying amount of deposits was \$1,239,068 and the bank balances totaled \$1,276,523. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$776,523 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

At December 31, 2018, Aspinwall's carrying amount of deposits was \$1,945,866 and the bank balances totaled \$1,946,835. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,696,835 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

At December 31, 2018, Kestrel's carrying amount of deposits was \$2,708,843 and the bank balances totaled \$2,722,162. Of the bank balances, \$381,211 was covered by Federal Depository Insurance. The remaining balance of \$2,340,951 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

### **Note 4 - Restricted Cash**

Restricted cash consists of cash and cash equivalents balances restricted for use in the Housing Choice Voucher program; held in escrow to comply with the requirements of HUD programs, Rural Development programs, and the Community Development Financial Institutions program; held to comply with bond requirements; and held for tenant security deposits.

**Note 5 - Notes Receivable**

	<u>Principal</u>	<u>Accrued Interest</u>
<u>Notes Receivable from Discretely Presented Component Units</u>		
4.3% mortgage note receivable from Josephine Commons under the HOME funds, up to an amount of \$550,000, payments due from cash flow, remaining principal and interest due August 2061, secured by a second mortgage	\$ 550,000	\$ 172,754
4.3% mortgage note receivable from Josephine Commons under the AHP fund, payments due from cash flow, remaining principal and interest due August 2061, secured by a third mortgage	250,000	73,595
4.3% mortgage note receivable from Josephine Commons under the Worth Cause Funds I program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fourth mortgage	200,000	57,711
4.3% mortgage note receivable from Josephine Commons under the Worthy Cause Funds II program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fifth mortgage	200,000	57,711
0.5% note receivable from Josephine Commons, due from cash flow, remaining principal and interest due August 2061, unsecured	443,293	14,227
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	270,000	27,366
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	442,035	71,208
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	430,000	69,270
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	623,023	57,026
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	464,754	47,104
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	5,289,998	852,176

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	<u>Principal</u>	<u>Accrued Interest</u>
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	\$ 3,020,000	\$ 486,497
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	2,762,296	253,067
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	2,600,000	153,212
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	1,000,000	58,927
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	350,000	20,625
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	1,045,002	39,477
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	580,297	34,196
4.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	3,226,602	341,788
1.0% note receivable from Kestrel - see (C) below	<u>1,450,000</u>	<u>40,411</u>
Total Notes Receivable from Discretely Presented Component Units	<u>25,197,300</u>	<u>2,928,348</u>

Notes Receivable - Other

Notes receivable on two homes built through the Youthbuild program, interest calculated at below-market rate, principal and accrued interest payable upon sale of the properties by the owners, secured by second mortgages on the properties	103,534	-
5% note receivable from Eagle Place Partners, LLLP, payment of annual principal and interest subject to cash flow distributions in the partnership agreement through the maturity date of April, 2047, secured by a deed of trust on the property - See (A) below	940,000	743,997

	<b>Principal</b>	<b>Accrued Interest</b>
3% note receivable from Eagle Place Partners, LLLP, payment of annual principal and interest subject to cash flow distributions in the partnership agreement through the maturity date of April, 2047, secured by a deed of trust on the property - See (A) below	\$ 427,537	\$ 68,058
Forty notes receivable for the Boulder County Rehabilitation Program, interest calculated at varying interest rates from 1% to 5%, payments due monthly on twenty-two notes, payments deferred until maturity on eighteen notes - See (B) below	266,848	-
Eight non-interest-bearing notes receivable for the CDBG-DR Rehab Program, payments deferred for ten years, payments to begin in 2025 in varying monthly increments through maturity	195,190	-
Total Notes Receivable - Other	1,933,109	812,055
Total Notes Receivable	\$ 27,130,409	\$ 3,740,403

- (A) The covenants of these notes require Eagle Partners, LLC to provide affordable housing units to households whose income is equal to or less than 60% of the listed area median income (AMI). No accrued interest was paid on these notes in 2018.
- (B) These notes are issued to low-income residents of Boulder County who receive rehabilitation services on their home.
- (C) Beginning June 1, 2019 and continuing the first day of June each subsequent year through June 1, 2028, interest is to be paid in ten annual installments of \$14,779. Annual installments of principal and interest of \$304,511 are to begin June 1, 2029 and continue on the first day of June each subsequent year through June 1, 2033. If principal has been prepaid on the note, the annual installments are to be recalculated to amortize the balance over a five-year period. If not paid earlier, the entire principal and interest balance is due April 1, 2034. Secured by a deed of trust on the Kestrel property.



**Note 6 - Capital Assets**

The following is a summary of property, structures and equipment for the year ended December 31, 2018:

**Primary Government**

	Balance January 1	Additions	Transfers	Disposals	Balance December 31
Nondepreciable assets:					
Land	\$ 9,432,749	\$ 171,804	\$ -	\$ -	\$ 9,604,553
Construction in progress	307,805	1,178,444	-	-	1,486,249
Total capital assets not being depreciated	<u>9,740,554</u>	<u>1,350,248</u>	<u>-</u>	<u>-</u>	<u>11,090,802</u>
Depreciable assets:					
Computer equipment/software	47,819	-	-	-	47,819
Equipment	88,123	-	-	-	88,123
Furniture and fixtures	139,764	-	-	(75,575)	64,189
Buildings and improvements	28,049,511	114,304	-	-	28,163,815
Land improvements	27,996	-	-	-	27,996
Vehicles	892,235	115,669	-	(564,509)	443,395
Total buildings and improvements	<u>29,245,448</u>	<u>229,973</u>	<u>-</u>	<u>(640,084)</u>	<u>28,835,337</u>
Accumulated depreciation:					
Computer equipment/software	(47,819)	-	-	-	(47,819)
Equipment	-	(7,344)	-	-	(7,344)
Furniture and fixtures	(93,110)	(11,128)	-	75,575	(28,663)
Buildings and improvements	(14,091,990)	(777,551)	-	-	(14,869,541)
Vehicles	(802,672)	(33,362)	-	554,235	(281,799)
Total accumulated depreciation	<u>(15,035,591)</u>	<u>(829,385)</u>	<u>-</u>	<u>629,810</u>	<u>(15,235,166)</u>
Total capital assets being depreciated	<u>14,209,857</u>	<u>(599,412)</u>	<u>-</u>	<u>(10,274)</u>	<u>13,600,171</u>
Total capital assets, net	<u>\$ 23,950,411</u>	<u>\$ 750,836</u>	<u>\$ -</u>	<u>\$ (10,274)</u>	<u>\$ 24,690,973</u>

**Discretely Presented Component Units**

*Josephine Commons*

	Balance January 1	Additions	Transfers	Disposals	Balance December 31
Nondepreciable assets:					
Land	\$ 86,500	\$ -	\$ -	\$ -	\$ 86,500
Construction in process	-	700	-	-	700
Total capital assets not being depreciated	<u>86,500</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>87,200</u>
Depreciable assets:					
Land improvements	1,534,359	-	-	-	1,534,359
Furniture and fixtures	465,050	-	-	-	465,050
Buildings and improvements	13,527,192	-	-	-	13,527,192
Total buildings and improvements	<u>15,526,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,526,601</u>
Accumulated depreciation:					
Land improvements	(409,162)	(76,718)	-	-	(485,880)
Furniture and fixtures	(248,027)	(46,505)	-	-	(294,532)
Buildings and improvements	(1,799,505)	(338,179)	-	-	(2,137,684)
Total accumulated depreciation	<u>(2,456,694)</u>	<u>(461,402)</u>	<u>-</u>	<u>-</u>	<u>(2,918,096)</u>
Total capital assets being depreciated	<u>13,069,907</u>	<u>(461,402)</u>	<u>-</u>	<u>-</u>	<u>12,608,505</u>
Total capital assets, net	<u>\$ 13,156,407</u>	<u>\$ (460,702)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,695,705</u>

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*Aspinwall*

	Balance January 1	Additions	Transfers	Disposals	Balance December 31
Nondepreciable assets:					
Land	\$ 3,387,965	\$ -	\$ -	\$ -	\$ 3,387,965
Depreciable assets:					
Land improvements	2,737,976	-	-	-	2,737,976
Geothermal	1,856,997	-	-	-	1,856,997
Appliances	162,967	-	-	-	162,967
Furniture and fixtures	340,510	-	-	-	340,510
Buildings and improvements	30,515,414	14,699	-	-	30,530,113
Total buildings and improvements	35,613,864	14,699	-	-	35,628,563
Accumulated depreciation:					
Land improvements	(456,330)	(136,899)	-	-	(593,229)
Geothermal	(1,237,997)	(371,399)	-	-	(1,609,396)
Appliances	(54,323)	(16,297)	-	-	(70,620)
Furniture and fixtures	(113,623)	(34,766)	-	-	(148,389)
Buildings and improvements	(2,690,689)	(762,885)	-	-	(3,453,574)
Total accumulated depreciation	(4,552,962)	(1,322,246)	-	-	(5,875,208)
Total capital assets being depreciated	31,060,902	(1,307,547)	-	-	29,753,355
Total capital assets, net	\$ 34,448,867	\$ (1,307,547)	\$ -	\$ -	\$ 33,141,320

*Kestrel*

	Balance January 1	Additions	Transfers	Disposals	Balance December 31
Nondepreciable assets:					
Land	\$ 3,276,533	\$ -	\$ -	\$ -	\$ 3,276,533
Construction in progress	304,077	-	(304,077)	-	-
Total capital assets not being depreciated	<u>3,580,610</u>	<u>-</u>	<u>(304,077)</u>	<u>-</u>	<u>3,276,533</u>
Depreciable assets:					
Land improvements	4,412,313	-	1,463,760	-	5,876,073
Geothermal	4,801,542	-	146,115	-	4,947,657
Solar	-	214,281	304,077	-	518,358
Equipment	1,059,641	-	74,511	-	1,134,152
Furniture and fixtures	531,671	-	5,245	-	536,916
Buildings and improvements	58,864,081	388,168	(1,689,631)	-	57,562,618
Total buildings and improvements	<u>69,669,248</u>	<u>602,449</u>	<u>304,077</u>	<u>-</u>	<u>70,575,774</u>
Accumulated depreciation:					
Land improvements	(165,462)	(348,695)	-	-	(514,157)
Geothermal	(720,231)	(1,011,448)	-	-	(1,731,679)
Solar	-	(17,279)	-	-	(17,279)
Equipment	(79,473)	(119,004)	-	-	(198,477)
Furniture and fixtures	(39,875)	(54,085)	-	-	(93,960)
Buildings and improvements	(553,104)	(1,650,722)	-	-	(2,203,826)
Total accumulated depreciation	<u>(1,558,145)</u>	<u>(3,201,233)</u>	<u>-</u>	<u>-</u>	<u>(4,759,378)</u>
Total capital assets being depreciated	<u>68,111,103</u>	<u>(2,598,784)</u>	<u>304,077</u>	<u>-</u>	<u>65,816,396</u>
Total capital assets, net	<u>\$ 71,691,713</u>	<u>\$ (2,598,784)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,092,929</u>

**Note 7 - Construction Note Payable**

**Discretely Presented Component Units**

*Kestrel*

Kestrel I LLC financed the construction of the Kestrel project in part with a construction note payable with CitiBank, N.A. in an amount up to \$53,500,000. During 2018, the construction note payable was paid off with capital contributions and proceeds from permanent financing.

**Note 8 - Long-Term Debt**

During the year ended December 31, 2018, the following changes occurred in long-term debt:

**Primary Government**

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 7,865,552	\$ 25,654	\$ (1,858,650)	\$ 6,032,556	\$ 60,399
Bonds Payable	14,716,382	-	(365,902)	14,350,480	377,773
Total long-term debt	<u>\$ 22,581,934</u>	<u>\$ 25,654</u>	<u>\$ (2,224,552)</u>	<u>\$ 20,383,036</u>	<u>\$ 438,172</u>

**Discretely Presented Component Units**

*Josephine Commons*

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 4,488,592	-	\$ (21,988)	\$ 4,466,604	\$ 29,434

*Aspinwall*

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 27,141,715	-	\$ (230,245)	\$ 26,911,470	\$ 269,835

*Kestrel*

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 13,151,609	\$ 25,374,724	\$ (50,409)	\$ 38,475,924	\$ 309,529

Long-term debt as of December 31, 2018, consisted of the following:

**Primary Government**

**Notes and Mortgages Payable**

9% mortgage note payable, due in monthly principal and interest installments of \$1,789 with a maturity date of June 2038, secured by a deed of trust on the property and an assignment of rents	\$ 197,367
6.75% mortgage note payable, due in monthly principal and interest installments of \$1,907 with a maturity date of June 2036, secured by a deed of trust on the property and an assignment of rents	857,508
5.375% mortgage note payable, due in monthly principal and interest installments of \$318 with a maturity date of June 2036, secured by a deed of trust on the property and an assignment of rents	139,473
2% mortgage note payable, due in monthly principal and interest installments of \$2,120 with a maturity date of June 2046, secured by a deed of trust on the property and an assignment of rents	537,728
1% mortgage note payable, due in monthly principal and interest installments of \$1,357 with a maturity date of October 2026, secured by a deed of trust on the property and an assignment of rents	122,641
1% mortgage note payable, due in monthly principal and interest installments of \$297 with a maturity date of October 2026, secured by a deed of trust on the property and an assignment of rents	26,865
1% mortgage note payable, due in monthly principal and interest installments of \$297 with a maturity date of May 2041, secured by a deed of trust on the property and an assignment of rents	71,731
0% note payable to Boulder County, entire principal balance due April 2024, unsecured	2,581,500
2% mortgage note payable, due in monthly principal and interest installments of \$1,182 with a maturity date of August 2020, secured by a deed of trust on the property and an assignment of rents	22,089
1% mortgage note payable - see (A) below	<u>1,475,654</u>
Total notes and mortgages payable	<u>6,032,556</u>

**Bonds Payable**

Series 2012 Housing Revenue Bonds - See (B) below	\$ 6,761,167
Series 2013 Housing Revenue Bonds - See (C) below	1,061,629
Series 2013 Housing Revenue Bonds - See (D) below	<u>6,527,684</u>
Total Bonds Payable	<u>14,350,480</u>

**Total Long-Term Debt** \$ 20,383,036

- (A) – Annual interest payments of \$14,779 are to begin June 1, 2019 and continue annually on the first day of June through June 1, 2028. Annual payments of principal and interest of \$304,511 are to begin June 1, 2029 and continue annually on the first day of June through the maturity date of March 1, 2033 at which time all remaining unpaid principal and accrued interest are due. Accrued interest of \$25,654 through December 31, 2017, was added to the principal balance as of January 1, 2018. The mortgage note payable is secured by a deed of trust on the Kestrel property.
- (B) – Housing Revenue Bonds, Series 2012 in the amount of \$8,200,000 were authorized for issuance during 2012. Bond proceeds received from the issuance of these bonds totaled \$7,616,499 as of December 31, 2018. The Authority has the ability to issue the remaining bonds of \$583,501 at a future date but has no current plans to issue the remaining bonds. The bonds bear interest at 3.19%. The Authority is required to make monthly payments of \$30,974, including interest, on the bonds through the final maturity date of November 2027. The Authority has covenants related to, among other matters, the maintenance of debt service coverage ratios. The bonds are secured by a deed of trust on the property and an assignment of rents.
- (C) – The Authority issued \$1,240,000 in Housing Revenue Bonds, Series 2013. The bonds bear interest at 3.36%. The Authority is required to make monthly payments of \$6,117, including interest, on the bonds through the final maturity date of October 2023. The Authority has covenants related to, among other matters, the maintenance of debt service coverage ratios. The bonds are secured by a deed of trust on the property and an assignment of rents.
- (D) – The Authority issued \$7,450,000 in Housing Revenue Bonds, Series 2013. The bonds bear interest at 3.16%. The Authority is required to make monthly payments of \$32,067, including interest, on the bonds through the final maturity date of April 2028. The Authority has covenants related to, among other matters, the maintenance of debt service coverage ratios. The bonds are secured by a deed of trust on the property and an assignment of rents.

**Discretely Presented Component Units**

*Josephine Commons*

7.0% mortgage note payable to Berkadia Commercial Mortgage, Inc., due in monthly principal and interest payments of \$19,166 through November 2029, secured by a deed of trust and assignment of rents, net of unamortized debt issuance costs of \$57,437, based upon an effective rate of 7.35%	\$ 2,823,311
4.3% mortgage note payable to Boulder County Housing Authority (BCHA) under the HOME funds, payments due from cash flow, remaining principal and interest due August 2061, secured by a second mortgage	550,000
4.3% mortgage note payable to BCHA under the AHP funds, payments due from cash flow, remaining principal and interest due August 2061, secured by a third mortgage	250,000
4.3% mortgage note payable to BCHA under the Worthy Cause Funds I program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fourth mortgage	200,000
4.3% mortgage note payable to BCHA under the Worthy Cause Funds II program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fifth mortgage	200,000
0.5% note payable to BCHA, due from cash flow, remaining principal and interest due August 2061, unsecured	443,293
	<u>443,293</u> <u>\$ 4,466,604</u>



*Aspinwall*

1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	\$ 270,000
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	442,035
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	430,000
1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	623,023
1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	464,754
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	5,289,998
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	3,020,000
1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	2,762,296
4.2% note payable to FirstBank, monthly payments of \$65,348, including interest through maturity date of August 2031, secured by a deed of trust, net of unamortized debt issuance costs of \$231,654, based upon an effective interest rate of 4.47% - see (A) below	12,234,053

6.75% note payable to Mile High Community Loan Fund, Inc., monthly payments of principal and interest are to be made through maturity in 2031, secured by a deed of trust on the property	\$ 637,792
0% note payable to the State of Colorado, due in annual installments from available cash flow beginning April 2016 in the amount of \$24,584, including interest, through maturity date of August 2045, secured by a deed of trust	<u>737,519</u>
	<u><u>\$26,911,470</u></u>

*Kestrel*

3.96% mortgage note payable to Berkadia Commercial Mortgage, Inc., due in monthly principal and interest payments of \$108,653 through March 2034, secured by a deed of trust, net of unamortized debt issuance costs of \$737,999, based upon an effective rate of 4.25%	\$24,511,592
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	2,600,000
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	1,000,000
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	350,000
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	1,045,002
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	580,297
4.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	3,226,602

1.0% note payable to BCHA, due in annual interest only payments of \$14,779 until June 2029 when annual principal and interest payments of \$304,511 are due through the maturity date of April 2034, secured by a deed of trust on the property	\$ 1,450,000
0.0% note payable to the State of Colorado - see (B) below	<u>3,712,431</u>
	<u><u>\$38,475,924</u></u>

(A) The Company has covenants related to, among other matters, the maintenance of debt coverage ratios and invested in cash balance requirements.

(B) Principal and interest are to be paid in thirty-three annual installments of \$112,497 beginning June 1, 2019 and continuing the first day of June each subsequent year until the maturity date of March 1, 2051, at which time all remaining principal is due. Annual payments are to be made from 50% of available cash flow as defined by the Amended and Restated Operating Agreement of the Borrower. The note is secured by a deed of trust on the property.

The estimated debt requirements to maturity for the year ending December 31, 2018 are as follows:

**Primary Government**

	Principal	Interest	Total
2019	\$ 438,172	\$ 562,735	\$ 1,000,907
2020	445,950	548,923	994,873
2021	451,746	534,854	986,600
2022	466,247	520,353	986,600
2023	1,337,738	500,519	1,838,257
2024-2028	14,303,588	1,888,759	16,192,347
2029-2033	1,713,592	439,756	2,153,348
2034-2038	1,040,469	175,850	1,216,319
2039-2043	123,561	12,249	135,810
2044-2048	61,973	1,614	63,587
	<u>\$ 20,383,036</u>	<u>\$ 5,185,612</u>	<u>\$ 25,568,648</u>
Total	<u>\$ 20,383,036</u>	<u>\$ 5,185,612</u>	<u>\$ 25,568,648</u>

**Discretely Presented Component Units**

*Josephine Commons*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 29,434	\$ 200,554	\$ 229,988
2020	31,561	198,427	229,988
2021	33,843	196,145	229,988
2022	36,289	193,699	229,988
2023	38,913	191,075	229,988
2024-2028	238,669	911,271	1,149,940
2029-2033	2,472,039	157,073	2,629,112
2034-2060	-	-	-
2061	1,243,293	5,608,522	6,851,815
2062-2111	-	-	-
2112	400,000	26,570,434	26,970,434
Unamortized debt issuance costs	(57,437)	-	(57,437)
<b>Total</b>	<b><u>\$ 4,466,604</u></b>	<b><u>\$ 34,227,200</u></b>	<b><u>\$ 38,693,804</u></b>

*Aspinwall*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 269,835	\$ 561,408	\$ 831,243
2020	281,500	549,744	831,244
2021	293,672	537,572	831,244
2022	306,373	524,870	831,243
2023	319,628	511,616	831,244
2024-2028	1,818,054	2,338,165	4,156,219
2029-2033	9,814,437	1,074,229	10,888,666
2034-2044	-	-	-
2045	737,519	-	737,519
2046-2062	-	-	-
2063	13,302,106	33,102,430	46,404,536
Unamortized debt issuance costs	(231,654)	-	(231,654)
<b>Total</b>	<b><u>\$ 26,911,470</u></b>	<b><u>\$ 39,200,034</u></b>	<b><u>\$ 66,111,504</u></b>

*Kestrel*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 309,529	\$ 1,009,063	\$ 1,318,592
2020	322,011	996,580	1,318,591
2021	334,997	983,595	1,318,592
2022	348,506	970,085	1,318,591
2023	362,560	956,031	1,318,591
2024-2028	2,044,268	4,548,688	6,592,956
2029-2033	3,941,074	4,098,520	8,039,594
2034-2038	19,036,646	188,009	19,224,655
2039-2050	-	-	-
2051	3,712,431	-	3,712,431
2052-2065	-	-	-
2066	8,801,901	26,315,338	35,117,239
Unamortized debt issuance costs	<u>(737,999)</u>	<u>-</u>	<u>(737,999)</u>
Total	<u>\$ 38,475,924</u>	<u>\$ 40,065,909</u>	<u>\$ 78,541,833</u>

No principal payments are due on the forgivable loans. Payments on the remaining notes are due from available cash flow with all remaining principal and accrued interest due August 2061 for Josephine Commons, July 2063 for Aspinwall, and March 2066 for Kestrel.

**Note 9 - Conduit Debt**

Trinity Commons

The Authority is authorized by state statutes to issue private activity bonds to private parties for projects that serve certain specified public purposes, such as affordable housing. In 2016, the Authority issued Multifamily Housing Revenue Bonds in the amount of \$2,600,000 to finance the acquisition and rehabilitation of a 16-unit multifamily housing project known as Trinity Commons in Boulder, Colorado. Repayment of the bonds is secured by the revenues from the Trinity Commons project. The Authority, as the conduit issuer of the bonds, is not financially obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2018, the outstanding principal balance of the bonds was \$2,038,328. Subsequent to year-end, the principal balance was drawn to \$2,600,000.

Kestrel

The Authority is authorized by state statutes to issue private activity bonds to private parties for projects that serve certain specified public purposes, such as affordable housing. In 2016, the Authority issued Multifamily Housing Revenue Bonds to finance the acquisition and rehabilitation of a 200-unit multifamily housing project known as Kestrel in Louisville, Colorado. Repayment of the bonds is secured by the revenues from the Kestrel project. The Authority, as the conduit issuer of the bonds, is not financially obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The original bond issuance was \$53,500,000. At December 31, 2018, the outstanding principal balance of the bonds was \$25,249,541.

**Note 10 - Compensated Absences**

A summary of the activity in the Authority’s compensated absences for the year ended December 31, 2018 is as follows:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated absences	\$ 169,973	\$ 205,540	\$ (190,372)	\$ 185,141	\$ 19,004

**Note 11 - Annual Contributions Contract**

The Authority has an annual contributions contract for the Section 8 Housing Choice Voucher program and adjustments vary based on requirements. The maximum contract was \$9,441,319 for the year ended December 31, 2018.

**Note 12 - Defined Benefit Pension Plan**

**Plan Description**

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

**Benefits provided**

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

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

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

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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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 retirement benefit formula 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**

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.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate*	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)*	-1.02%
Amount Apportioned to the LGDTF*	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411*	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411*	1.50%
<b>Total Employer Contribution Rate to the LGDTF*</b>	<b>12.68%</b>

\*Rates 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. Employer contributions recognized by the LGDTF from the Authority were \$385,868 for the year ended December 31, 2018.

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

At December 31, 2018, the Authority reported a liability of \$5,226,645 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016.

Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Authority's proportion was .469 percent, which was a decrease of .033 percent from its proportion measured as of December 31, 2016.



For the year ended December 31, 2018, the Authority recognized pension expense of \$438,161. At December 31, 2018, 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
Difference between expected and actual experience	\$ 326,973	\$ -
Changes of assumptions or other inputs	55,213	-
Net difference between projected and actual earnings on pension plan investments	-	1,015,934
Changes in proportion and differences between contributions recognized and proportionate share of contributions	46,748	1,930
Contributions subsequent to the measurement date	385,868	-
<b>Total</b>	<b>\$ 814,802</b>	<b>\$ 1,017,864</b>

\$385,868 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>	
2019	\$ 276,345
2020	\$ (119,096)
2021	\$ (369,470)
2022	\$ (376,709)
2023	\$ -
Thereafter	\$ -

**Actuarial assumptions**

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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 by the investment consultant 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

### Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the member contribution rate as of the measurement date. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including 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 included 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the single equivalent interest rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

**Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 8,324,349	\$ 5,226,645	\$ 2,644,261

### **Pension plan fiduciary net position**

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

### **Changes between the measurement date of the net pension liability and December 31, 2018**

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the Authority reported a liability of \$5,226,645 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Authority's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017.

Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$2,478,438

**Note 13 - Postemployment Benefits Other Than Pensions**

**Plan Description**

Eligible employees of the Authority are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment 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 (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided**

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), 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 PERACare is voluntary and is available to 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.

### **PERA Benefit Structure**

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

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

### **Contributions**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Authority were \$31,040 for the year ended December 31, 2018.

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

At December 31, 2018, the Authority reported a liability of \$474,042 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Authority's proportion was .036%, which was a decrease of .002% from its proportion of .038% measured as of December 31, 2016.

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$29,755. At December 31, 2018, 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
Difference between expected and actual experience	\$ 2,242	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	7,929
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,595	-
Contributions subsequent to the measurement date	31,040	-
<b>Total</b>	<b>\$ 44,877</b>	<b>\$ 7,929</b>

The amount of \$31,040 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31,</b>	
2019	\$ 736
2020	736
2021	736
2022	736
2023	2,719
Thereafter	245



**Actuarial assumptions**

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in the aggregate
Long-term investment Rate of Return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health Care Cost Trend Rates	
Service-based premium subsidy	0.00 percent
PERACare Medicare Plans	5.00 percent
Medicare Part A Premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023

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.

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, 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 that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- 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 2017 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- 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.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 percent.

**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, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	\$ 460,999	\$ 474,042	\$ 489,751

**Discount Rate**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, 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 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the HCTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

**Sensitivity of the Authority’s proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the Authority’s proportionate share of the net OPEB liability, calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 532,972	\$ 474,042	\$ 423,743

**OPEB plan fiduciary net position**

Detailed information about the HCTF plan’s fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### **Note 14 - Defined Contribution Pension Plan**

Employees of the Authority who are members of the Local Government Division Trust Fund (LGDTF), may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual financial report for the 401(k) Plan. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The 401(k) Plan is funded by voluntary employee contributions of up to a maximum limit set by the IRS (\$18,000 for the calendar years 2017, 2016, and 2015. Catch-up contributions up to \$6,000 each year for the calendar years 2017, 2016, and 2015 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC Section 414(v). The contribution requirements for the Authority are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended December 31, 2018, 2017, and 2016, the 401(k) Plan employee contributions from the Authority were \$10,888, \$10,748, and \$24,241, respectively.

#### **Note 15 - Commitments and Contingencies**

During 2018, the Authority entered into a contract with a local architect firm to provide design consulting services for a development project located in Longmont, Colorado. The total amount of the contract is \$1,495,000. As of December 31, 2018, \$601,083 had been expended under this contract. The remaining contract amount of \$893,917 is expected to be expended in the year ending December 31, 2019.

In addition to the contract disclosed above, the Authority regularly enters into contracts for design and development for both current and new projects.

#### **Note 16 - Related Party Transactions**

##### **Developer Fees**

##### *Josephine Commons*

Josephine Commons, LLC (Josephine Commons) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Josephine Commons. Developer fees of \$1,351,067 incurred by Josephine Commons to the Authority have been capitalized as part of the building. During 2018, Josephine Commons paid developer fees of \$34,507 to the Authority. As of December 31, 2018, the developer fees from Josephine Commons were paid in full.

*Aspinwall*

Aspinwall, LLC (Aspinwall) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Aspinwall. Developer fees of \$3,400,442 have been incurred and capitalized as part of the building. During 2018, Aspinwall paid developer fees of \$280,582 to the Authority. As of December 31, 2018, Aspinwall owed the Authority \$264,557 for developer fees. The remaining developer fees are expected to be paid from net cash flow.

*Kestrel*

Kestrel I, LLC (Kestrel) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Kestrel. Total developer fees of \$6,091,976 are expected to be earned by the Authority under this agreement. During 2018, Kestrel paid developer fees of \$675,040 to the Authority. The remaining balance of \$4,766,936 has been earned and will be paid in accordance with the developer agreement.

**Mortgage Notes and Accrued Interest**

*Josephine Commons*

Josephine Commons has entered into multiple loan agreements with the Authority – see Note 8. During 2018, Josephine Commons incurred interest expense of \$66,664 in relation to these mortgage notes payable. As of December 31, 2018, Josephine Commons owes the Authority \$375,998 for accrued interest.

*Aspinwall*

Aspinwall has entered into multiple loan agreements with the Authority – see Note 8. During 2018, Aspinwall incurred interest expense of \$370,068 in relation to these mortgage notes payable. As of December 31, 2018, Aspinwall owes the Authority \$1,863,714 for accrued interest.

*Kestrel*

Kestrel has entered into multiple loan agreements with the Authority – see Note 8. During 2018, Kestrel incurred interest of \$259,760 to the Authority on these mortgage notes payable. As of December 31, 2018, Kestrel owes the Authority \$688,636 for accrued interest.

**Due from Related Party**

*Josephine Commons*

As of December 31, 2018, Josephine Commons owed the Authority \$15,197 for costs related to operations.

*Aspinwall*

As of December 31, 2018, Aspinwall owed the Authority \$26,239 for costs paid on behalf of the project by the Authority, including construction costs, accrued wages and benefits.

*Kestrel*

As of December 31, 2018, Kestrel owed the Authority \$34,444 for costs related to operations.

**Management Fees**

*Josephine Commons*

Josephine Commons has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Josephine Commons is to pay management fees equal to the lesser of \$466 per unit or 5.5% of effective gross income. During 2018, Josephine Commons incurred management fees of \$34,484 to the Authority.

*Aspinwall*

Aspinwall has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Aspinwall is to pay management fees equal to the lesser of \$480 per unit or 5.5% of effective gross income. During 2018, Aspinwall incurred management fees of \$80,160 to the Authority.

*Kestrel*

Kestrel has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Kestrel is to pay management fees equal to 4.5% of effective gross income. During 2018, Kestrel incurred management fees of \$116,651 to the Authority.

**Reimbursement of Expenses**

*Josephine Commons*

During 2018, Josephine Commons reimbursed the Authority approximately \$153,000 for payroll and other expenses.

*Aspinwall*

During 2018, Aspinwall reimbursed the Authority approximately \$306,300 for payroll and other expenses.

*Kestrel*

During 2018, Kestrel reimbursed the Authority approximately \$449,000 for payroll and other expenses.

**Incentive Management Fee**

Pursuant to the operating agreement, Josephine Commons is to pay the Authority for their services in managing the business of Josephine Commons, a non-cumulative fee equal to 80% of cash flow remaining after other required payments. At no time is the fee to exceed 10% of gross revenues in any year. During 2018, Josephine Commons paid incentive management fees of \$22,902 to the Authority.



### **Operating Deficit Guaranty**

#### *Josephine Commons*

Pursuant to the operating agreement, the Authority is required to fund operating deficits during the period beginning upon the date that stabilized operations is achieved and for five years thereafter as defined in the agreement. The Authority shall be obligated to provide funds in the form of a loan, not to exceed \$350,000, shall bear no interest and shall be repayable solely from net cash flow as allowed in the operating agreement.

#### *Aspinwall*

Pursuant to the operating agreement, the Authority is required to fund operating deficits during the period beginning upon the date that stabilized operations is achieved and for five years thereafter as defined in the agreement. The Authority shall be obligated to provide funds in the form of a loan, not to exceed \$910,000, shall bear no interest and shall be repayable solely from net cash flow as allowed in the operating agreement.

#### *Kestrel*

Pursuant to the operating agreement, the Authority is required to fund operating deficits during the period beginning upon the date that stabilized operations is achieved and for five years thereafter as defined in the agreement. The Authority shall be obligated to provide funds in the form of a loan, not to exceed \$1,200,000, shall bear no interest and shall be repayable solely from net cash flow as allowed in the operating agreement.

### **Due from Boulder County**

At December 31, 2018, the Authority was owed \$15,442 from Boulder County for rental assistance, costs of rehabilitation, and operating expenses.

### **Note Payable to Boulder County**

At December 31, 2018, the Authority owed \$2,581,500 to Boulder County on a loan agreement. Terms of the note are included in Note 8 to the financial statements. During 2018, the Authority paid principal of \$1,800,000 and interest of \$25,568 to pay off a 1% note payable to Boulder County.

### **Due to Boulder County**

At December 31, 2018, the Authority owed Boulder County \$717,620 for payroll and other operating expenses paid by the County.

### **Transfers to/from Primary Government**

During 2018, the Authority received transfers of \$3,635,792 from Boulder County consisting of \$400,000 for operating subsidy; \$500,000 for loan forgiveness; \$2,400,000 for the Housing Stabilization Program; \$250,000 for Kestrel development and \$85,792 for the Family Self Sufficiency Program.

**Note 17 - Condensed Component Unit Information**

Condensed component unit information for MFPH Acquisitions LLC, the Authority's blended component unit, for the year ended December 31, 2018, is as follows:

**Condensed Balance Sheet**

Assets	
Current Assets	\$ 521,994
Notes Receivable	3,020,000
Accrued Interest	486,492
Capital Assets	<u>1,734,785</u>
Total Assets	<u>\$ 5,763,271</u>
Liabilities	
Current Liabilities	\$ 62,690
Net Position	<u>5,700,581</u>
Total Liabilities and Net Position	<u>\$ 5,763,271</u>

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

Operating Revenues	
Tenant rent	\$ 257,640
Rental assistance	131,678
Other	4,384
Total Operating Revenues	393,702
Operating Expenses	
Administrative salaries and benefits	45,803
Maintenance salaries and benefits	54,631
Regular and extraordinary maintenance	83,332
Other administrative	28,766
Depreciation and amortization	82,820
Utilities	31,403
Insurance	17,681
Other	1,000
Total Operating Expenses	345,436
Operating Income	48,266
Nonoperating Income (Expense)	
Interest income	95,542
Interest expense	(45,156)
Total Nonoperating Income (Expense)	50,386
Change in net position	98,652
Net Position, Beginning of year	5,601,929
Net Position, End of year	\$ 5,700,581

**Condensed Statement of Cash Flows**

Net Cash from Operating Activities	\$ 135,704
Net Cash used for Noncapital Financing Activities	13,261
Net Cash Used for Capital and Related Financing Activities	(45,156)
Net Cash from Investing Activities	39
Net Change in Cash and Cash Equivalents	103,848
Cash and Cash Equivalents, Beginning of year	396,224
Cash and Cash Equivalents, End of year	\$ 500,072

**Note 18 - Adoption of New Standard**

For the year ended December 31, 2018, the Authority adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB no. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For the Authority, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

Net Position, December 31, 2017, as Previously Reported	\$ 40,731,005
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	(466,849)
Net Position, December 31, 2017, as Restated	\$ 40,264,156

**Note 19 - Subsequent Event**

Subsequent to year-end, the Authority sold land to Tungsten Village, LLC for \$500,000. Tungsten Village, LLC is a new 73 unit low income housing tax credit located in Nederland, Colorado in which the Authority is the general partner. At the sale closing, the Authority loaned \$1,600,000 to Tungsten Village, LLC, which includes a seller carryback note in the amount of \$500,000. The remainder of the funds are being used to pay for construction costs of the project.



Required Supplementary Information  
December 31, 2018

# Boulder County Housing Authority

Boulder County Housing Authority  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Local Government Division Trust Fund of Colorado Public Employees' Retirement Association  
 December 31, 2018

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	Last 10 Fiscal Years*				
	2017	Measurement date as of December 31, 2016		2015	2014
Authority's proportion of the net pension liability	0.4694183739%	0.5021573565%	0.5303999056%	0.5692100296%	
Authority's proportionate share of the net pension liability	\$ 5,226,645	\$ 6,780,837	\$ 5,842,785	\$ 5,072,729	
Authority's covered payroll	\$ 3,034,944	\$ 3,193,175	\$ 2,778,550	\$ 2,673,518	
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	172.22%	212.35%	210.28%	189.74%	
Plan fiduciary net position as a percentage of the total pension liability	79.37%	73.65%	76.87%	80.72%	

\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown

Boulder County Housing Authority  
Schedule of the Authority's Pension Contributions  
Local Government Division Trust Fund of Colorado Public Employees' Retirement Association  
December 31, 2018

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	Last 10 Fiscal Years*			
	2018	Fiscal year-end as of December 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 385,868	\$ 409,439	\$ 405,002	\$ 381,694
Contributions in relation to the contractually required contribution	<u>(385,868)</u>	<u>(409,439)</u>	<u>(405,002)</u>	<u>(381,694)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 3,043,125	\$ 3,034,944	\$ 3,193,175	\$ 2,778,550
Contributions as a percentage of covered payroll	12.68%	13.49%	12.68%	13.74%

\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown

**Boulder County Housing Authority**  
 Schedule of the Authority's Proportionate Share of the Net OPEB Liability  
 Colorado Public Employees' Retirement Association – Healthcare Trust Fund  
 December 31, 2018

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Last 10 Fiscal Years*	Measurement date as of December 31, 2017
Authority's proportion of the net OPEB liability	0.0364759926%
Authority's proportionate share of the net OPEB liability	\$ 474,042
Authority's covered-employee payroll	\$ 3,034,944
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.62%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%

\* Fiscal year 2018 was the first year of implementation, therefore only one year is shown



**Boulder County Housing Authority**  
 Schedule of the Authority's OPEB Contributions  
 Colorado Public Employees' Retirement Association – Healthcare Trust Fund  
 December 31, 2018

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Last 10 Fiscal Years\*

	<u>Fiscal year-end as of</u> <u>December 31, 2018</u>
Contractually required contribution	\$ 31,040
Contributions in relation to the contractually required contribution	(31,040)
Contribution deficiency (excess)	\$ -
Authority's covered payroll	\$ 3,043,125
Contributions as a percentage of covered payroll	1.02%

\* Fiscal year 2018 was the first year of implementation, therefore only one year is shown

*Changes of benefit terms*

There have been no changes in benefit terms since the last valuation.

*Changes of assumptions*

There have been no changes in actuarial assumptions or methods since the last valuation.



Supplementary Information  
December 31, 2018

# Boulder County Housing Authority

Boulder County Housing Authority  
Combining Balance Sheet  
December 31, 2018

	Community Development Block Grant Disaster Recovery Grants 14,269	Section 8 Housing Assistance 14,195	Rural Rental Housing Loans 10,415	Community Development Block Grants/State's Program 14,228	Rural Rental Assistance Payments 10,427	Weatherization Assistance 81,042
<b>Assets and Deferred Outflows</b>						
Cash and cash equivalents	\$ -	\$ 131,813	\$ -	\$ -	\$ 131,570	\$ -
Restricted cash and cash equivalents	-	7,286	-	251,972	408,421	-
Accounts receivable						
Tenants	-	91	-	-	1,100	-
Developer fees	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other agencies	-	-	-	19,696	6,219	-
Due from component units	-	-	-	-	-	-
Due from Boulder County	10,385	-	-	4,057	-	-
Prepaid expenses	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total current assets	<u>10,385</u>	<u>139,190</u>	<u>-</u>	<u>275,725</u>	<u>547,310</u>	<u>-</u>
Developer fees	-	-	-	-	-	-
Notes receivable	195,190	-	-	266,848	-	-
Accrued interest receivable	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Non-depreciable capital assets	-	67,617	56,316	-	-	-
Depreciable capital assets, net	-	191,133	1,376,969	-	-	-
Total assets	<u>205,575</u>	<u>397,940</u>	<u>1,433,285</u>	<u>542,573</u>	<u>547,310</u>	<u>-</u>
<b>Deferred outflows</b>						
Pensions	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 205,575</u>	<u>\$ 397,940</u>	<u>\$ 1,433,285</u>	<u>\$ 542,573</u>	<u>\$ 547,310</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows and Net Position</b>						
<b>Liabilities</b>						
Accounts payable	\$ 198,890	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-
Accrued interest payable	-	-	1,897	-	-	-
Unearned revenues	-	358	-	-	4,163	-
Due to discretely presented component units	-	-	-	-	-	-
Due to Boulder County	-	-	-	-	-	-
Tenant security deposits payable	-	7,286	-	-	12,672	-
Notes, mortgages and bonds payable - current	-	-	10,289	-	-	-
Total current liabilities	<u>198,890</u>	<u>7,644</u>	<u>12,186</u>	<u>-</u>	<u>16,835</u>	<u>-</u>
<b>Noncurrent Liabilities</b>						
Accrued compensated absences	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-
Accrued liabilities - long-term	-	-	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	-	-	1,184,060	-	-	-
Net postemployment benefits liability	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,184,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>198,890</u>	<u>7,644</u>	<u>1,196,246</u>	<u>-</u>	<u>16,835</u>	<u>-</u>
<b>Deferred Inflows</b>						
Pensions	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>						
Net investment in capital assets	-	258,750	238,936	-	-	-
Restricted	-	-	-	-	-	-
Unrestricted	6,685	131,546	(1,897)	542,573	530,475	-
Total net position	<u>6,685</u>	<u>390,296</u>	<u>237,039</u>	<u>542,573</u>	<u>530,475</u>	<u>-</u>
Total liabilities, deferred outflows and net position	<u>\$ 205,575</u>	<u>\$ 397,940</u>	<u>\$ 1,433,285</u>	<u>\$ 542,573</u>	<u>\$ 547,310</u>	<u>\$ -</u>

Boulder County Housing Authority  
Combining Balance Sheet  
December 31, 2018

Housing Choice Vouchers/Family Unification Program 14.871 / 14.880	MFPH	Emergency Shelter Grant Program 14.231	Low-Income Home Energy Assistance 93.568	HOME Investment Partnership Program 14.239	Farm Labor Housing Loans and Grants 10.405	Other Federal Programs	Business Activities	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	Total	Elimination of Intercountry Activity	Total
\$ 699,371	\$ 489,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,403,312	\$ -	\$ -	\$ 7,855,495	\$ -	\$ 7,855,495
395,390	10,643	-	-	-	-	-	916,469	-	-	1,990,181	-	1,990,181
116,106	277	-	-	-	-	-	13,729	-	-	131,303	-	131,303
-	-	-	-	-	-	-	2,077,317	-	-	2,077,317	-	2,077,317
-	-	-	-	1,133	-	-	(1)	-	-	1,132	-	1,132
-	-	12,316	-	-	-	-	46,147	-	50,470	134,848	(35,200)	99,648
-	-	-	-	-	-	-	75,880	-	-	75,880	-	75,880
-	-	-	-	-	-	-	1,000	-	-	15,442	-	15,442
-	21,646	-	-	-	-	-	49,664	-	-	71,310	-	71,310
-	(1)	-	-	-	-	-	20,136	-	-	20,135	-	20,135
1,210,867	521,994	12,316	-	1,133	-	-	9,603,653	-	50,470	12,373,043	(35,200)	12,337,843
-	-	-	-	-	-	-	2,954,176	-	-	2,954,176	-	2,954,176
-	3,020,000	-	-	-	-	-	23,648,371	-	-	27,130,409	-	27,130,409
-	486,492	-	-	-	-	-	3,253,911	-	-	3,740,403	-	3,740,403
-	-	-	-	-	-	-	86,500	-	-	86,500	-	86,500
-	561,321	-	-	-	274,563	-	10,130,985	-	-	11,090,802	-	11,090,802
-	1,173,464	-	-	-	1,195,571	-	9,663,034	-	-	13,600,171	-	13,600,171
-	5,241,277	-	-	-	1,470,134	-	49,736,977	-	-	58,602,461	-	58,602,461
1,210,867	5,763,271	12,316	-	1,133	1,470,134	-	59,340,630	-	50,470	70,975,504	(35,200)	70,940,304
-	-	-	-	-	-	-	814,802	-	-	814,802	-	814,802
-	-	-	-	-	-	-	44,877	-	-	44,877	-	44,877
-	-	-	-	-	-	-	859,679	-	-	859,679	-	859,679
\$ 1,210,867	\$ 5,763,271	\$ 12,316	\$ -	\$ 1,133	\$ 1,470,134	\$ -	\$ 60,200,309	\$ -	\$ 50,470	\$ 71,835,183	\$ (35,200)	\$ 71,799,983
\$ -	\$ 47,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,865	\$ -	\$ -	\$ 516,988	\$ (35,200)	\$ 481,788
214,573	-	-	-	-	-	-	108,870	-	-	323,443	-	323,443
-	-	-	-	-	-	-	19,004	-	-	19,004	-	19,004
-	-	-	-	-	184	-	53,794	-	-	55,875	-	55,875
-	4,814	-	-	-	-	-	30,883	-	-	40,218	-	40,218
-	-	-	-	-	-	-	2,606	-	-	2,606	-	2,606
-	-	-	-	-	-	-	717,620	-	-	717,620	-	717,620
-	10,643	-	-	-	-	-	76,138	-	-	106,739	-	106,739
-	-	-	-	-	21,423	-	406,460	-	-	438,172	-	438,172
214,573	62,690	-	-	-	21,607	-	1,686,240	-	-	2,220,665	(35,200)	2,185,465
-	-	-	-	-	-	-	166,137	-	-	166,137	-	166,137
-	-	-	-	-	-	-	-	-	-	-	-	-
159,340	-	-	-	-	-	-	-	-	-	159,340	-	159,340
-	-	-	-	-	199,814	-	18,560,990	-	-	19,944,864	-	19,944,864
-	-	-	-	-	-	-	474,042	-	-	474,042	-	474,042
-	-	-	-	-	-	-	5,226,645	-	-	5,226,645	-	5,226,645
159,340	-	-	-	-	199,814	-	24,427,814	-	-	25,971,028	-	25,971,028
373,913	62,690	-	-	-	221,421	-	26,114,054	-	-	28,191,693	(35,200)	28,156,493
-	-	-	-	-	-	-	1,017,864	-	-	1,017,864	-	1,017,864
-	-	-	-	-	-	-	7,929	-	-	7,929	-	7,929
-	-	-	-	-	-	-	1,025,793	-	-	1,025,793	-	1,025,793
-	1,734,785	-	-	-	1,248,897	-	4,412,644	-	-	7,894,012	-	7,894,012
41,328	-	-	-	-	-	-	-	-	-	41,328	-	41,328
795,626	3,965,796	12,316	-	1,133	(184)	-	28,647,818	-	50,470	34,682,357	-	34,682,357
836,954	5,700,581	12,316	-	1,133	1,248,713	-	33,060,462	-	50,470	42,617,697	-	42,617,697
\$ 1,210,867	\$ 5,763,271	\$ 12,316	\$ -	\$ 1,133	\$ 1,470,134	\$ -	\$ 60,200,309	\$ -	\$ 50,470	\$ 71,835,183	\$ (35,200)	\$ 71,799,983

**Boulder County Housing Authority**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2018**

	Community Development Block Grant Disaster Recovery Grants 14,269	Section 8 Housing Assistance 14,195	Rural Rental Housing Loans 10,415	Community Development Block Grants/State's Program 14,228	Rural Rental Assistance Payments 10,427	Weatherization Assistance 81,042
<b>Operating Revenues</b>						
HUD PHA grants	\$ -	\$ 181,481	\$ -	\$ -	\$ -	\$ -
Other grants	234,711	-	-	128,031	178,438	276,668
Rental income	-	68,838	-	-	234,891	-
Administrative fees	-	-	-	-	-	-
Management fees	-	-	-	-	-	-
Developer fee income	-	-	-	-	-	-
Other	-	814	-	-	10,564	-
<b>Total Operating Revenues</b>	<b>234,711</b>	<b>251,133</b>	<b>-</b>	<b>128,031</b>	<b>423,893</b>	<b>276,668</b>
<b>Operating Expenses</b>						
Housing assistance payments	-	-	-	-	-	-
Administrative salaries and benefits	-	32,232	-	66,104	50,109	15,558
Maintenance salaries and benefits	-	37,835	-	-	20,247	206,985
Regular and extraordinary maintenance	-	49,949	-	73,711	105,181	41,478
Direct client expenses	234,128	-	-	-	-	-
Other administrative	1,005	16,403	-	5,551	15,365	20,416
Depreciation and amortization	-	25,975	47,321	-	-	-
Utilities	-	30,252	-	-	37,671	-
Insurance	-	4,554	-	-	18,450	12,373
Other	-	-	-	358	-	6,450
<b>Total Operating Expenses</b>	<b>235,133</b>	<b>197,200</b>	<b>47,321</b>	<b>145,724</b>	<b>247,023</b>	<b>303,260</b>
<b>Operating Income (Loss)</b>	<b>(422)</b>	<b>53,933</b>	<b>(47,321)</b>	<b>(17,693)</b>	<b>176,870</b>	<b>(26,592)</b>
<b>Non-Operating Revenues (Expenses)</b>						
Interest income	-	-	-	3,049	114	-
Interest expense	-	(34,467)	(93,327)	-	-	-
Donation of real property	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>(34,467)</b>	<b>(93,327)</b>	<b>3,049</b>	<b>114</b>	<b>-</b>
<b>Income (Loss) Before Transfers and HUD Capital Grant Income</b>	<b>(422)</b>	<b>19,466</b>	<b>(140,648)</b>	<b>(14,644)</b>	<b>176,984</b>	<b>(26,592)</b>
<b>Transfers from (to) primary government</b>						
Interprogram transfers	(188,128)	67,707	102,941	41,954	(56,927)	(9,317)
HUD capital grant income	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>(188,550)</b>	<b>87,173</b>	<b>(37,707)</b>	<b>27,310</b>	<b>120,057</b>	<b>(35,909)</b>
<b>Net Position - Beginning of Year, as Originally Reported</b>	<b>195,235</b>	<b>303,123</b>	<b>274,746</b>	<b>515,263</b>	<b>410,418</b>	<b>35,909</b>
<b>Adjustment for Adoption of New Standard</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position - Beginning of Year, as Restated</b>	<b>195,235</b>	<b>303,123</b>	<b>274,746</b>	<b>515,263</b>	<b>410,418</b>	<b>35,909</b>
<b>Net Position - End of Year</b>	<b>\$ 6,685</b>	<b>\$ 390,296</b>	<b>\$ 237,039</b>	<b>\$ 542,573</b>	<b>\$ 530,475</b>	<b>\$ -</b>

**Boulder County Housing Authority**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2018**

Housing Choice Vouchers/Family Unification Program 14.871 / 14.880	MFPH	Emergency Shelter Grant Program 14.231	Low-Income Home Energy Assistance 93.568	HOME Investment Partnership Program 14.239	Farm Labor Housing Loans and Grants 10.405	Other Federal Programs	Business Activities	14.896 PIH Family Self- Sufficiency Program	14.267 Continuum of Care Program	Total	Elimination of Intercompany Activity	Total
\$ 8,202,906	\$ 131,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,075,423	\$ 196,556	\$ 623,169	\$ 10,411,213	\$ -	\$ 10,411,213
-	-	46,768	160,003	205,554	-	-	1,070,820	-	-	2,300,993	-	2,300,993
-	257,640	-	-	-	-	-	1,580,935	-	-	2,142,304	-	2,142,304
580,403	-	-	-	-	-	-	-	-	-	580,403	-	580,403
-	-	-	-	-	-	-	254,197	-	-	254,197	-	254,197
116,075	4,384	-	-	-	-	-	111,876	-	-	243,713	-	243,713
8,899,384	393,702	46,768	160,003	205,554	-	-	4,093,251	196,556	623,169	15,932,823	-	15,932,823
8,216,130	-	-	-	-	-	-	-	-	-	8,216,130	-	8,216,130
511,782	45,803	-	3,192	-	-	-	1,037,414	280,598	113,406	2,156,198	-	2,156,198
-	54,631	-	104,830	-	-	-	1,366,259	-	-	1,790,787	-	1,790,787
-	83,332	-	17,466	-	-	-	759,375	-	-	1,130,492	-	1,130,492
-	-	95,858	-	205,579	-	-	1,086,496	-	531,377	2,153,438	-	2,153,438
181,131	28,766	-	7,199	-	-	-	379,853	-	23,476	679,165	-	679,165
-	82,820	-	-	-	56,033	-	617,236	-	-	829,385	-	829,385
-	31,403	-	-	-	-	-	223,590	-	-	322,916	-	322,916
-	17,681	-	5,929	-	-	-	256,692	-	-	315,679	-	315,679
1,218	1,000	-	5,034	-	-	-	86,070	-	2,280	102,410	-	102,410
8,910,261	345,436	95,858	143,650	205,579	56,033	-	5,812,985	280,598	670,539	17,696,600	-	17,696,600
(10,877)	48,266	(49,090)	16,353	(25)	(56,033)	-	(1,719,734)	(84,042)	(47,370)	(1,763,777)	-	(1,763,777)
9	95,542	-	-	-	-	-	722,665	-	-	821,379	-	821,379
-	(45,156)	-	-	-	(2,426)	-	(416,739)	-	-	(592,115)	-	(592,115)
-	-	-	-	-	-	-	162,536	-	-	162,536	-	162,536
-	-	-	-	-	-	-	100,000	-	-	100,000	-	100,000
-	-	-	-	-	-	-	(10,274)	-	-	(10,274)	-	(10,274)
9	50,386	-	-	-	(2,426)	-	558,188	-	-	481,526	-	481,526
(10,868)	98,652	(49,090)	16,353	(25)	(58,459)	-	(1,161,546)	(84,042)	(47,370)	(1,282,251)	-	(1,282,251)
-	-	-	-	-	-	-	3,550,000	85,792	-	3,635,792	-	3,635,792
378,900	-	49,556	(116,118)	(259,573)	23,419	(2,650)	14,520	(1,750)	(44,534)	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
368,032	98,652	466	(99,765)	(259,598)	(35,040)	(2,650)	2,402,974	-	(91,904)	2,353,541	-	2,353,541
468,922	5,601,929	11,850	99,765	260,731	1,283,753	2,650	31,124,337	-	142,374	40,731,005	-	40,731,005
-	-	-	-	-	-	-	(466,849)	-	-	(466,849)	-	(466,849)
468,922	5,601,929	11,850	99,765	260,731	1,283,753	2,650	30,657,488	-	142,374	40,264,156	-	40,264,156
\$ 836,954	\$ 5,700,581	\$ 12,316	\$ -	\$ 1,133	\$ 1,248,713	\$ -	\$ 33,060,462	\$ -	\$ 50,470	\$ 42,617,697	\$ -	\$ 42,617,697

Boulder County Housing Authority  
 Schedule of Federal Expenditures  
 Year Ended December 31, 2018

<u>Federal Agency/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture (USDA)			
<i>Direct Programs</i>			
Rural Rental Assistance Payments - Casa Esperanza (Section 514)	10.427		\$ 8,256
Rural Rental Assistance Payments - Prime Haven (Section 515)	10.427		54,105
Rural Rental Assistance Payments - Walter Self (Section 515)	10.427		<u>116,077</u>
			<u>178,438</u>
Farm Labor Housing Loan and Grants	10.405		<u>242,212</u>
Rural Rental Housing Loans	10.415		<u>1,203,903</u>
			<u>1,624,553</u>
U.S. Department of Health and Human Services			
<i>Direct Programs</i>			
Low Income Energy Assistance Program	93.568		<u>158,042</u>
U.S. Department of Energy			
<i>Passed Through Colorado Governor's Energy Office</i>			
Weatherization Assistance for Low- Income Persons	81.042	C900822	<u>276,668</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs</i>			
Housing Choice Vouchers Cluster			
Section 8 Housing Choice Vouchers	14.871		<u>8,910,261</u>
Family Self-Sufficiency Coordinator	14.896		<u>196,556</u>
Continuum of Care Program	14.267		<u>623,169</u>
<i>Passed Through Colorado Housing and Finance Authority:</i>			
Section 8 Project-Based Cluster			
Section 8 Housing Assistance Payments	14.195	CO0990036010 / CO99R000007	<u>181,481</u>



Boulder County Housing Authority  
Schedule of Federal Expenditures  
December 31, 2018

<i>Passed Through Colorado Division of Housing</i>			
HOME Program - TBRA	14.239	Subgrantee	<u>205,554</u>
<i>Passed Through City of Boulder, Colorado</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Subgrantee	<u>56,985</u>
<i>Passed Through Boulder County, Colorado</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Subgrantee	<u>71,046</u>
			<u>128,031</u>
<i>Passed Through Boulder County, Colorado</i>			
CDBG - Disaster Recovery Grants Cluster Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Subgrantee	<u>234,711</u>
<i>Passed Through Colorado Coalition for the Homeless</i>			
ESG - Emergency Solutions Grant Program - Homelessness Prevention and Rapid Re-Housing	14.231	Subgrantee	<u>46,768</u>
Total U.S. Department of Housing and Urban Development			<u>10,526,531</u>
Total Federal Expenditures			<u><u>\$ 12,585,794</u></u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Boulder County Housing Authority under programs of the federal government for the year ended December 31, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Boulder County Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Boulder County Housing Authority.

**Note B – Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect Cost Rate**

The Authority has not elected to use the 10% de minimis cost rate and does not draw for indirect administrative expenses.

**Note D – Farm Labor Housing Loan Program**

The balances and transactions related to the Farm Labor Housing Loan Program, CFDA Number 10.405, are included in Boulder County Housing Authority's basic financial statements. The total balance of the loans outstanding as of December 31, 2018 is \$221,237.

**Note E – Rural Rental Housing Loan Program**

The balances and transactions related to the Rural Rental Housing Loan Program, CFDA Number 10.415, are included in Boulder County Housing Authority's basic financial statements. The total balance of the loans outstanding as of December 31, 2018 is \$1,194,349.



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Commissioners  
Boulder County Housing Authority  
Boulder, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component units of the Boulder County Housing Authority as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Boulder County Housing Authority’s basic financial statements, and have issued our report thereon dated June 27, 2019. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
June 27, 2019



## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

Board of Commissioners  
Boulder County Housing Authority  
Boulder, Colorado

### **Report on Compliance for the Major Federal Program**

We have audited Boulder County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Boulder County Housing Authority's major federal program for the year ended December 31, 2018. Boulder County Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on the Major Federal Program**

In our opinion, Boulder County Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2018.

### **Report on Internal Control over Compliance**

Management of Boulder County Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boulder County Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boulder County Housing Authority's internal control over compliance.

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

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

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



Bismarck, North Dakota  
June 27, 2019

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None



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**Section III – Federal Award Findings and Questioned Costs**

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None