Financial Statements
December 31, 2025

# Boulder County Housing Authority

eidebailly.com

Eide Bailly

## Independent Auditor's Report

The Board of Commissioners
Boulder County Housing Authority
Boulder, Colorado

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Boulder County Housing Authority (the Authority), a component unit of Boulder County, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2025, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

***Change To or Within the Financial Reporting Entity***

As discussed in Note 18 to the financial statements, during the year ended December 31, 2025, the Authority acquired a controlling ownership interest of Josephine Commons, LLC. Based on the nature of the Authority's financial and operational relationship with Josephine Commons, LLC, management has determined that the entity qualifies as a blended component unit under the criteria established by *GASB Statement No. 61*. Accordingly, the financial statements of Josephine Commons, LLC have been blended and reported as part of the Authority's business-type activities as of January 1, 2025, as though the activities were those of the Authority itself, rather than being discretely presented. Our opinion is not modified with respect to this matter.

***Correction of Error***

As discussed in Note 18 to the financial statements, certain errors resulting in overstatement of amounts previously reported for grant revenue as of and for the year ended December 31, 2024, were discovered by management of the Authority during the current year. Accordingly, amounts reported for grant revenue have been restated in the 2025 financial statements now presented, and an adjustment has been made to net position as of January 1, 2025, to correct the error. Our opinion is not modified with respect to that matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Bismarck, North Dakota
June 12, 2026

The following Management Discussion and Analysis provides an overview of the financial results from activities of the Boulder County Housing Authority (referred to herein as either BCHA or the Housing Authority) for the fiscal year ended December 31, 2025, presented in accordance with the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34).

The Housing Authority, a blended component unit of Boulder County, Colorado, is a public purpose financial enterprise and, therefore follows standards for enterprise fund accounting. The Housing Authority's financial statements are produced on the accrual basis of accounting; included in the Authority's primary government entity are two blended component units, MFPH Acquisitions LLC, and Josephine Commons, LLC of which the Housing Authority is the sole owner. In addition to the primary government entity of the Housing Authority, there are six discretely presented component units supporting affordable rental housing properties: Aspinwall, LLC, formed in 2012; Kestrel I, LLC, formed in 2016; Tungsten Village LLC, formed in 2019, Coffman Place LLC, formed in 2020; Willoughby Corner Seniors LLLP, formed in 2024 and Willoughby Corner Multifamily LLLP, formed in 2024. All six discretely presented component units are low-income housing tax credit (LIHTC) entities organized as Colorado Limited Liability Companies, and legally separate from the Housing Authority. The majority interest in each of the LIHTC entities is owned and controlled by a private investor. The Housing Authority, through an affiliate LLC, is the managing member and management agent of each entity, with powers limited to those specified in each of the respective operating agreements.

The following is a brief description of significant programs and services provided by the Housing Authority for residents within Boulder County.

**Affordable Housing Portfolio Overview**
The Housing Authority consists of 1,072 units of affordable rental units that are scattered throughout Boulder County. Of those 1,072 units, 661 are located within our LIHTC entities: Aspinwall, Kestrel, Tungsten Village, Coffman Place, Willoughby Corner Senior and Willoughby Corner Multi-family. The remaining 411 units are owned and managed by BCHA. In 2025, BCHA disposed of three single-family units and three scattered-site duplexes.

**Moving to Work (MTW) Demonstration Program/Housing Choice Voucher (HCV) Program**
BCHA has been accepted into HUD's MTV demonstration program for public housing authorities (PHAs). MTW allows PHAs exemptions from many existing public housing and voucher rules and provides funding flexibility with how BCHA may use their federal funds. 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 Housing Authority and the household. The Authority has an annual contributions contract with HUD that includes up to 31 Emergency Housing Vouchers (EHV), and 944 Section 8 housing choice vouchers which includes 92 Family Unification Program (FUP) vouchers, 90 Section 8 VASH vouchers, 17 Foster Youth Initiative (FYI) vouchers, 40 Mainstream, and 35 non-elderly disabled (NED) vouchers, as of December 31, 2025.

The following details a breakdown of BCHA's vouchers.

***HUD-Veterans Affairs Supportive Housing (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). The 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. As of December 31, 2025, the Housing Authority had utilized 76 VASH vouchers.

***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 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. As of December 31, 2025, the Housing Authority had utilized 71 FUP vouchers.

***Project-Based Voucher (PBV) Program***
PBV assistance is tied to the unit, rather than the person. BCHA 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 BCHA's Family Self-Sufficiency Program, a five-year academic, employment and savings initiative program designed to help families gain job training and education, improve their financial situation, and move toward self-sufficiency. As of December 31, 2025, the Housing Authority had utilized 74 project-based vouchers.

***Section 8 Voucher (Section 8)***
Under the Section 8 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, 2025, the Housing Authority had 627 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, 2025, the Housing Authority has 35 NED vouchers utilized.

***Foster Youth to Independence (FYI)***
The FYI program assists youth at least 18 years and not more than 24 years of age who left foster care and are homeless or at risk of homelessness at age 16 or older. This is a new voucher program in 2025. As of December 31, 2025, the Housing Authority has 9 FYI vouchers utilized.

***Emergency Housing Voucher (EHV)***
The EHV program assists individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability. As of December 31, 2025, the Housing Authority has 25 EHV vouchers utilized. HUD announced this program's funding will cease late 2026. The Authority is working with its state and local housing partners to absorb the vouchers currently under this program.

***Mainstream Vouchers (Main)***
The Main vouchers assists non-elderly persons with disabilities. Aside from serving a special population, Mains vouchers are administered using the same rules as other housing choice vouchers. As of December 31, 2025, the Housing Authority has 37 Main vouchers utilized.

***Other Vouchers***
The Housing Authority has 16 other vouchers utilized which in combination include 8 port in/port out, 5 Rental Assistance Demonstration (RAD) vouchers, and 3 homeowners vouchers.

**Other Housing Assistance Programs**

**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), a temporary 0.9 mill levy increase to property taxes, through a ballot initiative approved by the voters of Boulder County extending through the year 2030.

**Continuum of Care Program (COC)**
In 2016, BCHA received a federal grant from the US Department of Housing and Urban Development to fund a rapid re-housing program supporting work to strengthen the safety net in Boulder County. In 2025, the grant support averaged 33 households a month for Boulder County citizens who were either homeless or at imminent risk of homelessness.

**Emergency Solutions Grant (ESG)**
BCHA receives federal funding through the ESG to engage homeless individuals and families living on the street, improve the number and quality of emergency shelter for homeless individuals and families, provide operational assistance for shelters, and rapidly rehouse homeless individuals and families. In 2025, the grant support averaged 4 households a month for Boulder County citizens who were either homeless or at imminent risk of homelessness.

**Resident Services**
The Authority's Resident Services offer education, case management and other supports to assist Boulder County residents on their path toward financial stability and self-sufficiency. Some of the programs include the Family Self-Sufficiency program, various services for seniors, and Casa de la Esperanza (House of Hope), a residential program that includes afterschool programs and an academic center.

**Housing Development**
The Authority supports the development of additional affordable rental housing. Willoughby Corner Senior converted to permanent financing in 2025. A second LIHTC, Willoughby Corner Multifamily in Lafayette, CO completed construction and was fully leased by year-end. These two new properties bring 192 new affordable units to Boulder County. BCHA expended $392,125 in pre-development expenses for Phases 2 and 3 of the Willoughby Corner neighborhood.

**Commercial Components**
BCHA owns and manage a 262-space garage which is used for the 73 residential units and the commercial space associated with the Spoke on Coffman development. Construction on the garage was completed in June 2025. Additionally, the Housing Authority sold 1135 Cimarron Ave., Lafayette CO. The property includes 5 vacant lots and one commercial building.

**Correction to Financials**
In 2023, the Authority received ARPA/CSLFRF funds totaling $5,338,000 from the City of Lafayette and recorded as grant income. These funds should have been recorded as a forgivable loan in installments through August 1, 2033, if the Authority met specific criteria for forgiveness each year. Financials have been restated to reflect the forgivable loan in installments resulting in a decrease to beginning net position by $4,497,265. This corrects the overstatement of net position and understatement of liabilities.

**Financial Highlights**
Cash, restricted cash, and cash equivalents decreased 13% or ($3,691,394) over December 31, 2024. The primary driver was due to capital spending on construction in progress, including Willoughby Corner infrastructure ($4,518,436) and the major rehab of two properties, Casa de la Esperanza ($1,437,944) and Wedgewood ($750,000). In addition, there was a decrease in cash of $250,778 from the principal payments on long-term debt, offset by the proceeds from the sale of capital assets for $5,694,000.

Total capital assets increased 40%, or $16,380,297 as of December 31, 2025 versus December 31, 2024. The primary reason for the increase was the result of Josephine Commons changing from a discretely presented component unit to a blended component unit. Other drivers include large rehab projects at BCHA units.

Due from Boulder County increased 100% or $515,296 over December 31, 2024 from a couple of year-end receivables due to BCHA including $400,000 Sustainability Funds.

Accounts payable and accrued liabilities decreased 47% or ($1,820,526) as of December 31, 2025 versus December 31, 2024. The decrease reflects the end of construction of Willoughby Corner, reducing accrued liabilities.

Due to Boulder County increased 6% or $206,134 over December 31, 2024, primarily from payroll liability.

Current Liabilities decreased 22% or ($1,516,692) over December 31, 2024. Long-term liabilities decreased 18% or ($4,665,572) over December 31, 2024. The primary driver of the decrease to liabilities was paying off the 2013 bond group in the amount of $1,815,013, the forgiveness of debt related to the ARPA/CSLFRF funds totaling $1,721,505, and the decrease in the net pension liability for $615,791.

HUD PHA grant revenue remained flat with a slight 2% decrease or ($290,789) over 2024. Other grant revenue decreased 64% or ($7,430.288) to $4,093,404. The Authority was awarded large state development grants in 2024 related to the Willoughby Corner development, which were not received in 2025.

Direct client remained flat with a slight 3% decrease or ($88,631) in spending in 2025 versus 2024. The Authority's total expenses increased 9% or $2,939,984 over 2024 primarily due to bringing on Josephine Commons' operations into BCHA's operations.

Through the Housing Stabilization Program, the Housing Authority continues to work closely with Boulder County Human Services to ensure at-risk residents of Boulder County receive rental assistance along with case management services. Primary sources of funding for housing stabilization in 2025 are Human Services Safety Net (HSSN), Continuum of Care (CoC) and Emergency Solutions Grant (ESG) funding.

**Overview of the Basic Financial Statements**

BCHA's basic financial statements in this report include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, corresponding combining financial statements including discretely presented component units, and Notes to the Financial Statements. As required by HUD, this report also includes the Schedule of Federal Expenditures.

The Statement of Net Position presents BCHA's balances in assets and liabilities at December 31, 2025. The Statement of Net Position begins on page 18.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how BCHA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future periods. The Statement of Revenues, Expenses and Changes in Net Position begins on page 20.

The Statement of Cash Flows presents information showing BCHA's inflows and outflows of cash and cash equivalents during the most recent fiscal year. All changes in cash and cash equivalents are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related changes in net position. Thus, cash flows are reported in this statement for some items that will only result in revenue or expenses in past or future periods. This statement provides answers to such questions as where the cash came from, how was cash used and what was the change in the cash balance during the year. The Statement of Cash Flows begins on page 21.

The Combining Statement of Net Position - Component Units, the Combining Statement of Revenues, Expenses and Changes in Net Position - Component Units, and the Combining Statement of Cash Flows presents the financial information for BCHA's discretely presented components units. The financial statements for the discretely presented component units begin on page 23.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements. Notes to the Basic Financial Statements begin on page 28.

**Financial Analysis (Primary Government)**

***Assets, Liabilities, and Net Position*:**

Boulder County Housing Authority (Primary Government)
Net Position as of December 31, 2025
(in thousands of dollars)

| | 2025 | 2024 (As Restated) |
|---|---|---|
| Cash, Restricted Cash & Cash Equivalents | $ 23,685 | $ 27,376 |
| Accounts Receivable | 1,814 | 1,989 |
| Prepaid Expenses | 434 | 455 |
| Inventory | 117 | 328 |
| Developer Fees Receivable | 9,067 | 9,645 |
| Notes & Interest Receivable | 73,782 | 73,294 |
| Other Assets | - | 84 |
| Capital Assets (Net) | 57,837 | 41,456 |
| Total Assets | 166,736 | 154,627 |
| Deferred Outflows | 1,786 | 2,567 |
| Total Assets and Deferred Outflows | $ 168,522 | $ 157,194 |
| Accounts Payable & Accrued Liabilities | $ 2,049 | $ 3,869 |
| Deferred Revenue | 5,351 | 5,419 |
| Due to Discretely Presented Component Units | 6 | - |
| Due to Boulder County | 3,567 | 3,361 |
| Tenant Security Deposits Payable | 131 | 108 |
| Notes, Mortgages, Bonds & Interest Payable | 11,650 | 15,458 |
| Net OPEB Liability | 230 | 335 |
| Net Pension Liability | 3,759 | 4,375 |
| Total Liabilities | 26,743 | 32,925 |
| Deferred Inflows | 127 | 118 |
| Net Investment in Capital Assets | 47,710 | 25,971 |
| Restricted | 271 | 17 |
| Unrestricted | 93,672 | 98,163 |
| Total Net Position | 141,653 | 124,151 |
| Total Liabilities, Deferred Inflows and Net Position | $ 168,522 | $ 157,194 |

***Assets***

Total assets of the Housing Authority entity as of December 31, 2025, increased to $166,736,520, an 8% increase over December 31, 2024.

Cash, restricted cash, and cash equivalents decreased 13% or ($3,691,394) over December 31, 2024. The primary driver was due to capital spending on construction in progress including Willoughby Corner infrastructure ($4,518,436) and major rehab of two properties, Casa de la Esperanza ($1,437,944) and Wedgewood ($750,000).

Accounts receivable at December 31, 2025 equal $4,685,517 an increase of $2,697,340 from December 31, 2024. The increase corresponds to developer fees earned – $2,870,124 and a receivable with the County related to 2025 Sustainability Funds.

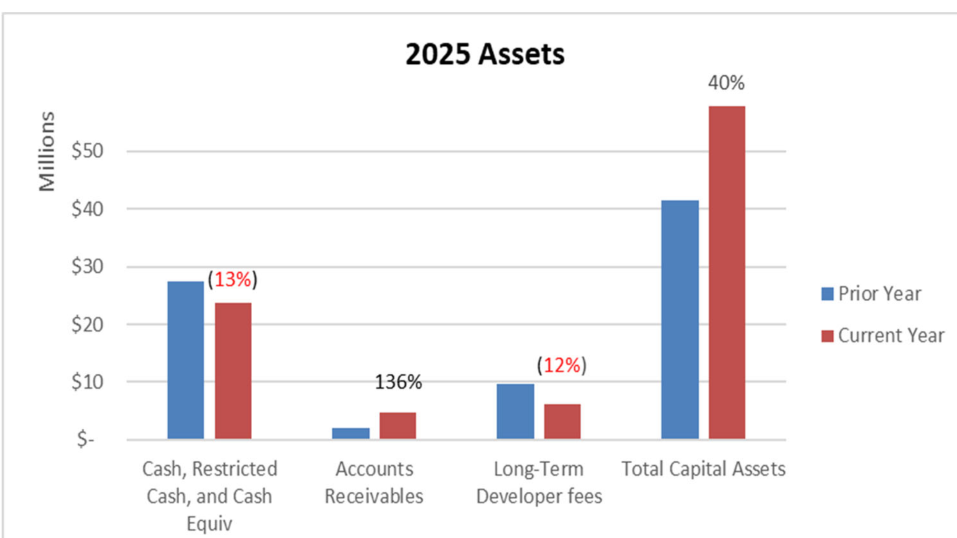
Total long-term developer fees receivable at December 31, 2025 equals $6,196,843, a decrease of 12%, or ($854,229) from December 31, 2024.

Capital assets at December 31, 2025 equal $57,836,617, an increase of 40%, or $16,380,297 from December 31, 2024. Capital assets include land, buildings, land and building improvements, and equipment. The primary reasons for the increase is the result of Josephine Commons changing from a discretely presented component unit to a blended component unit and capital improvement project spending on BCHA-owned units.

Significant 2025 capital asset activity include the following:

- Casa De La Esperanza – Major rehab and energy and ADA compliant upgrades
- Major energy efficient upgrades at Lilac Place, Louisville, CO
- Major rehab at Wedgewood, Longmont, CO
- Geothermal upgrades at Josephine Commons, Lafayette, CO
- Construction in Progress – Willoughby Corner Senior and Multi-Family.
- Sale / disposal of 12 units.

Additional information on the Authority's capital assets can be found in Note 5 on page 43 of this report.



***Liabilities***
Total Liabilities at December 31, 2025, equal $26,742,656, a decrease of 19%, or $6,182,264, from December 31, 2024. Significant drivers of the decrease are the disposal of 12 units reducing notes payable and less liabilities for BCHA at year-end due to the completion of the Willoughby Corner construction project.

Accounts payable and accrued liabilities at December 31, 2025, equals $2,049,037, a decrease of 47% or ($1,820,526) from December 31, 2024, the result of no year-end accruals for construction in progress payables.

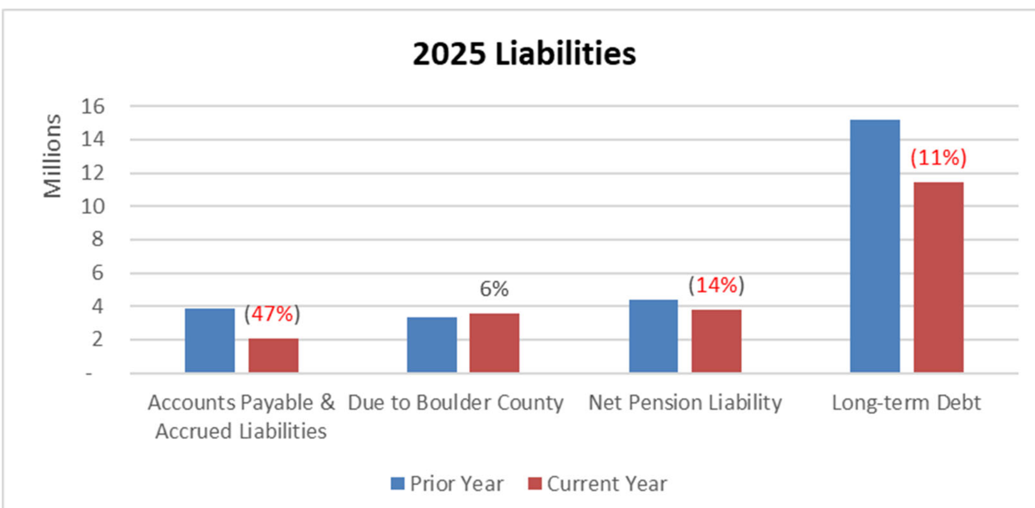
Due to Boulder County at December 31, 2025, equal $3,566,780, an increase of 6% or $206,134 over December 31, 2024, primarily because of year-end payroll accruals.

Net Pension Liabilities at December 31, 2025, equal $3,759,076, a decrease of $615,791 over December 31, 2024. This is due to year-end Pension Liability adjustment.

Total Long-term debt at December 31, 2025 equals $11,418,314, a decrease of $3,772,516 over December 31, 2024. Significant long-term debt activity consisted of the following:

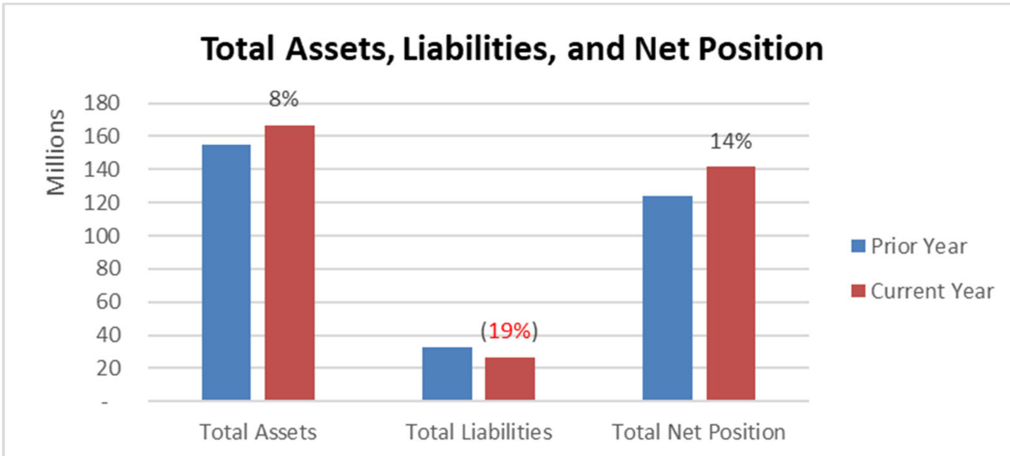
- Debt forgiveness of $1,721,505 on the City of Lafayette loan.
- Reoccurring principal payments of $250,778.
- Early payoff of the 2013 bond group in the amount of $1,815,013.

Additional information on the Authority's long-term debt can be found in Note 8 on page 48 of this report.



***Net Position***

Total net position equals $141,652,935 an increase of 14% over December 31, 2024.



***Revenues, Expenses, and Changes in Net Position:***

Boulder County Housing Authority (Primary Government)
Change in Net Position for the Year Ended December 31, 2025
(in thousands of dollars)

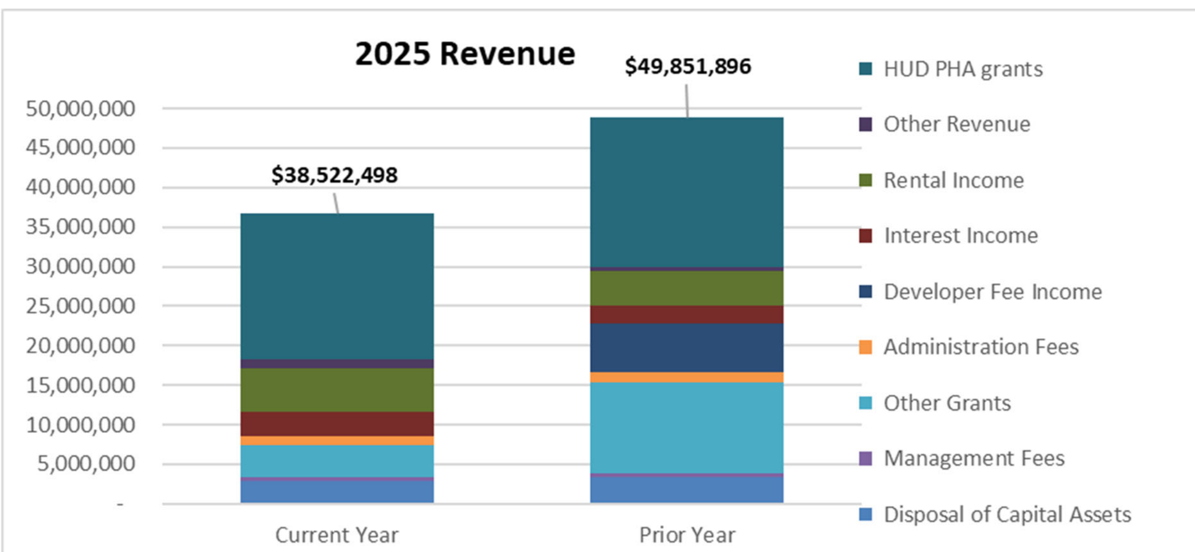
| | 2025 | 2024 |
|---|---|---|
| Revenues | | |
| HUD PHA grants | $ 18,570 | $ 18,860 |
| Other Grants | 4,093 | 11,524 |
| Rental Income | 5,582 | 4,368 |
| Administration Fees | 1,146 | 1,152 |
| Management Fees | 483 | 462 |
| Developer Fee Income | - | 6,277 |
| Interest Income | 2,958 | 2,286 |
| Forgiveness of Debt | 1,722 | - |
| Gain (Loss) on Sale/Disposal of Capital Assets | 2,884 | 3,436 |
| Other | 1,084 | 487 |
| Total Revenues | 38,522 | 48,852 |
| Expenses | | |
| Housing Assistance Payments | $ 17,578 | $ 17,717 |
| Administration | 6,635 | 4,790 |
| Maintenance | 3,040 | 2,946 |
| Direct Client Expense | 3,152 | 3,240 |
| Depreciation & Amortization | 1,922 | 1,408 |
| Utilities | 540 | 460 |
| Insurance | 843 | 516 |
| Interest Expense | 796 | 483 |
| Other Expenses | 177 | 184 |
| Total Expenses | 34,683 | 31,744 |
| Income Before Transfers and HUD Capital Grant Income | 3,839 | 17,108 |
| Transfers from Primary Government | 7,992 | 15,820 |
| Contribution from Boulder County | - | 2,581 |
| Change in Net Position | 11,831 | 35,509 |
| Net Position Beginning of Year | 128,648 | 93,421 |
| Adjustment for Change to or within the Financial Reporting Entity (Note 18) | 5,671 | - |
| Adjustment for Adoption of New Standard | - | (282) |
| Correction of Error (Note 18) | (4,497) | (4,497) |

| | | |
|---|---|---|
| Net Position Beginning of Year, As Restated | 129,822 | 88,642 |
| Net Position - End of Year | $ 141,653 | $ 124,151 |

***Revenue***

Total revenue for the year ended December 31, 2025, equals $38,522,498, a 21% decrease, or $10,329,398, over 2024. This is primarily due to a decrease in other grant revenue and developer fee income. In 2024, BCHA received funding from the Colorado Department of Local Affairs – Division of Housing (CDOH) for Willoughby Corner Senior ($3,118,500) and Willoughby Corner Multi-Family ($7,600,000), which the Authority did not receives in 2025. Similarly, BCHA earned developer fee revenue of $6,277,269 from the two Willoughby Corner developments that were not earned in 2025. While the reduction of the other grant revenue was significant in 2025, there were increases in other grant revenue from rebates and direct subsidy from the Colorado Energy Office who provided energy efficient upgrades to several BCHA properties.

HUD PHA grants decreased slightly at 2% or ($290,789) over December 31, 2024, administrative revenue remained flat and had a 0% increase/decrease over 2024. Interest Income rose 29% or $673,284 over 2024 primarily from LIHTC sub-debt interest and increased earned interest from CSafe. Rental income increased 28% or $1,214,369 over 2024 from the addition of the new property BCHA acquired.



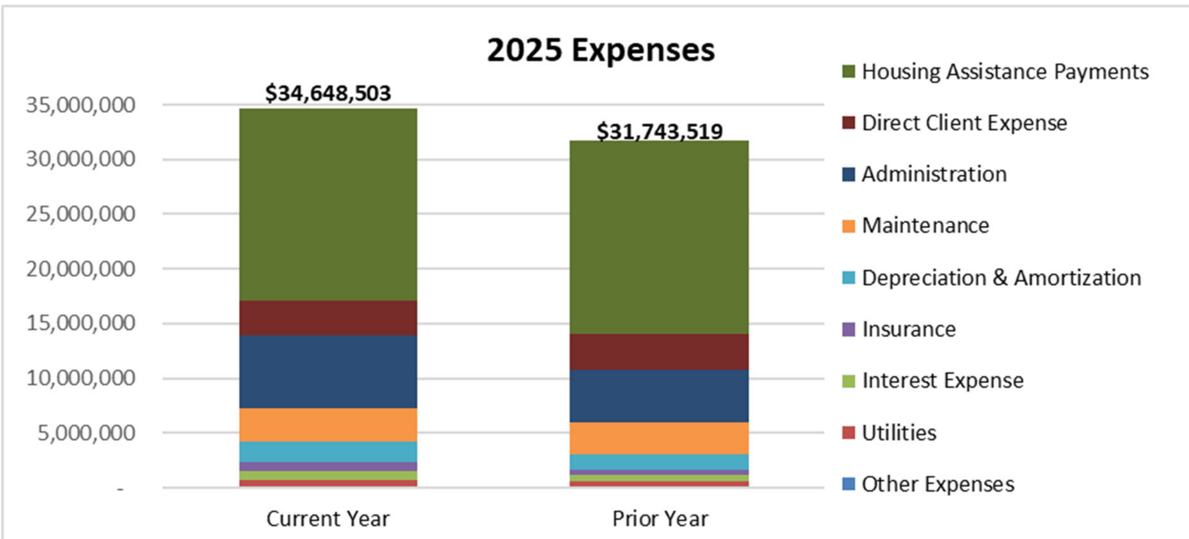

***Expenses***

Total expenses for the year ended December 31, 2025 equal $34,683,503. Expenses increased 9% or $2,939,984 over 2024. The primary driver of this increase was the newly acquired properties' operational expenses.

Housing assistance payments for the year ended December 31, 2025 equal $17,577,500, remaining flat at a 1% decrease or ($139,229) over 2024. Direct client expense for the year ended December 31, 2025 equals $3,151,762, a decrease of 3% or ($88,631) over 2024. Decreased spending was due to the normal attrition.

Property maintenance expenses for the year ended December 31, 2025 equal $3,040,481, an increase of 3% or $94,520 over December 31, 2024. Maintenance expense is comprised of maintenance salary and benefits and regular and extraordinary maintenance. Maintenance salary and benefits decreased 24% or ($395,016) over 2024. Regular and extraordinary maintenance increased 38% or $489,536 over 2024.

Insurance expense increased 63% or $326,992, partially from the newly acquired property but also insurance expense increased about 10% over 2024. Utilities increased by 17% or $80,343 over December 31, 2024.




***Conclusion***

In 2025, as economic pressures continued to affect households across Boulder County, BCHA experienced a rising community need for affordable housing. The organization remained focused on expanding housing opportunities while delivering exceptional property management services across its existing portfolio. With The Spoke on Coffman fully operational in 2025, BCHA now manages **1,072 affordable housing units** throughout Boulder County.

In 2025, BCHA distributed $21 million in rental subsidies and housing stabilization support for County residents. Distributing $17.6 million in federal HCVs, BCHA served over 989 families/monthly with an average annual housing support of $17,914. Distributing $1 million in other federal funds, BCHA served an average of 10 families/monthly. Distributing $2.1 million in local HSSN funds, BCHA served an average of 91 families/monthly.

A central BCHA goal is to deploy all available resources—and pursue new ones—to increase affordable housing opportunities in Boulder County. In 2025, the development team continued advancing the **Willoughby Corner** affordable housing neighborhood in Lafayette, Colorado. With **192 units completed in 2025** across the Senior and Multi-Family properties, BCHA is planning to add approximately **208 additional units** over the next four years. Once fully built out, the 400-unit neighborhood will represent a **44% increase** in BCHA's affordable housing portfolio.

**Contact Information**

Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to:

Sean Doherty
Finance Division Director
Boulder County Housing
PO Box 471
Boulder, CO 80306

| | Primary Government | Discretely Presented Component Units |
|---|---|---|
| Assets and Deferred Outflows | | |
| Current Assets | | |
| Cash and cash equivalents | $ 18,321,811 | $ 5,056,059 |
| Restricted cash and cash equivalents | 5,363,273 | 4,012,856 |
| Accounts receivable | | |
| Tenants | 130,167 | 88,981 |
| Developer fees | 2,870,124 | - |
| Other | 47,906 | 12,749 |
| Due from Boulder County Housing Authority | - | 5,730 |
| Due from other agencies | 153,101 | - |
| Due from component units | 968,923 | - |
| Due from Boulder County | 515,296 | - |
| Interest receivable - current portion | 103,777 | - |
| Prepaid expenses | 434,086 | 230,659 |
| Inventory | 116,665 | - |
| Total Current Assets | 29,025,129 | 9,407,034 |
| Developer Fee Receivable | 6,196,843 | - |
| Notes Receivable | 61,972,837 | - |
| Accrued Interest Receivable | 11,705,094 | - |
| Other Assets | - | 1,445,026 |
| Capital Assets | | |
| Non-depreciable | 17,028,356 | 10,894,582 |
| Depreciable, net | 40,603,531 | 197,190,422 |
| Right-to-use leased assets, net | 204,730 | - |
| Total Capital Assets | 57,836,617 | 208,085,004 |
| Total Assets | 166,736,520 | 218,937,064 |
| Deferred Outflows | | |
| Pensions | 1,680,542 | - |
| Other postemployment benefits | 105,075 | - |
| Total Deferred Outflows | 1,785,617 | - |
| Total Assets and Deferred Outflows | $ 168,522,137 | $ 218,937,064 |

| Liabilities, Deferred Inflows and Net Position | Primary Government | Discretely Presented Component Units |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | $ 459,961 | $ 195,539 |
| Construction note payable | - | 41,817,441 |
| Accrued liabilities | 711,097 | 75,162 |
| Accrued compensated absences | 230,833 | - |
| Accrued interest payable | 16,370 | 405,407 |
| Unearned revenues | 61,127 | 10,523 |
| Due to discretely presented component units | 5,730 | - |
| Due to Boulder County Housing Authority | - | 968,923 |
| Due to Boulder County | 3,566,780 | - |
| Tenant security deposits payable | 130,992 | 260,174 |
| Developer fee payable | - | 2,870,124 |
| Lease liability - current | 54,014 | - |
| Notes, mortgages and bonds payable - current portion | 250,168 | 978,204 |
| Total Current Liabilities | 5,487,072 | 47,581,497 |
| **Long-Term Liabilities** | | |
| Accrued compensated absences | 519,867 | - |
| Developer fee payable | - | 6,196,843 |
| Accrued interest payable | - | 10,239,968 |
| Accrued liabilities - long-term | 127,289 | - |
| Unearned revenues - long-term | 5,289,396 | - |
| Lease liability - net of current portion | 161,650 | - |
| Notes, mortgages and bonds payable - net of current portion | 11,168,146 | 116,576,382 |
| Net postemployment benefits liability | 230,160 | - |
| Net pension liability | 3,759,076 | - |
| Total Long-Term Liabilities | 21,255,584 | 133,013,193 |
| Total Liabilities | 26,742,656 | 180,594,690 |
| **Deferred Inflows** | | |
| Other postemployment benefits | 126,546 | - |
| Total Deferred Inflows | 126,546 | - |
| **Net Position** | | |
| Net investment in capital assets | 47,710,122 | 48,712,977 |
| Restricted | 271,066 | - |
| Unrestricted | 93,671,747 | (10,370,603) |
| Total Net Position | 141,652,935 | 38,342,374 |
| Total Liabilities, Deferred Inflows and Net Position | $ 168,522,137 | $ 218,937,064 |

| | Primary Government | Discretely Presented Component Units |
|---|---|---|
| Operating Revenues | | |
| HUD PHA grants | $ 18,569,714 | $ - |
| Other grants | 4,093,404 | 119,756 |
| Rental income | 5,581,881 | 11,969,751 |
| Administration fees | 1,146,305 | - |
| Management fees | 482,637 | - |
| Other | 1,084,783 | 129,229 |
| Total operating revenues | 30,958,724 | 12,218,736 |
| Operating Expenses | | |
| Housing assistance payments | 17,577,500 | - |
| Administrative salaries and benefits | 5,524,545 | 1,087,775 |
| Maintenance salaries and benefits | 1,249,830 | 1,756,100 |
| Regular and extraordinary maintenance | 1,790,651 | 1,261,997 |
| Direct client expenses | 3,151,762 | - |
| Other administrative | 1,110,227 | 765,557 |
| Depreciation and amortization | 1,922,450 | 7,906,634 |
| Utilities | 539,991 | 1,477,389 |
| Insurance | 843,204 | 597,676 |
| Other expenses | 142,098 | 76,347 |
| Total operating expenses | 33,852,258 | 14,929,475 |
| Operating Loss | (2,893,534) | (2,710,739) |
| Non-Operating Revenues (Expenses) | | |
| Interest income | 2,958,444 | 39,602 |
| Interest expense | (796,245) | (7,162,285) |
| Donations expense | (35,000) | - |
| Forgiveness of debt | 1,721,505 | - |
| Gain (loss) on disposal of capital assets | 2,883,825 | (163,289) |
| Total Non-Operating Revenues (Expenses) | 6,732,529 | (7,285,972) |
| Income (Loss) Before Other Contributions and Transfers | 3,838,995 | (9,996,711) |
| Other Contributions and Transfers | | |
| Member contributions, net of syndication costs | - | 11,041,686 |
| Transfers from Boulder County | 7,991,688 | - |
| Change in Net Position | 11,830,683 | 1,044,975 |
| Net Position - Beginning of Year, as Previously Reported | 128,648,238 | 43,739,732 |
| Change to or within the financial reporting entity (Note 18) | 5,671,279 | (6,442,333) |
| Correction of error (Note 18) | (4,497,265) | - |
| Net Position - Beginning of Year, as Restated | 129,822,252 | 37,297,399 |
| Net Position - End of Year | $ 141,652,935 | $ 38,342,374 |

| | Primary Government | Discretely Presented Component Units |
|---|---|---|
| Operating Activities | | |
| HUD PHA grants | $ 18,848,006 | $ - |
| Other grants | 4,093,404 | 119,756 |
| Receipts from tenants | 5,557,710 | 12,069,079 |
| Administration fees | 1,146,305 | - |
| Management fee income | 482,637 | - |
| Developer fee income | 577,756 | - |
| Other income | 1,236,320 | 116,480 |
| Housing assistance payments | (17,577,500) | - |
| Payments to employees | (6,855,350) | (2,843,875) |
| Payments to suppliers | (7,508,819) | (3,976,225) |
| Net Cash from Operating Activities | 469 | 5,485,215 |
| Noncapital Financing Activities | | |
| Advances from related party | 398,266 | (587,544) |
| Transfers in from Boulder County | 7,476,392 | - |
| Net Cash from (used for) Noncapital Financing Activities | 7,874,658 | (587,544) |
| Capital and Related Financing Activities | | |
| Proceeds from construction note payable | - | 10,639,711 |
| Payments on lease liability | (50,511) | - |
| Principal payments on long-term debt | (4,710,376) | (853,850) |
| Principal payments on construction note payable | - | (9,801,379) |
| Proceeds from long-term debt borrowings | 14,780 | 664,500 |
| Interest paid on long-term debt | (796,769) | (4,835,674) |
| Payment on developer fee payable | - | (577,756) |
| Equity contributions | - | 11,041,686 |
| Purchase of capital assets | (12,370,930) | (8,958,400) |
| Proceeds from sale of capital assets | 5,694,600 | - |
| Purchase of other assets | - | (259,218) |
| Net Cash used for Capital and Related Financing Activities | (12,219,206) | (2,940,380) |
| Investing Activities | | |
| Issuance of notes receivable | (664,500) | - |
| Cash paid for acquisition of member interest in discretely presented component unit | (685,000) | - |
| Donation to discretely presented component unit | (35,000) | - |
| Payments received on notes receivable | 72,235 | - |
| Interest receipts | 654,912 | 39,602 |
| Net Cash (used for) from Investing Activities | (657,353) | 39,602 |
| Net Change in Cash, Cash Equivalents, and Restricted Cash | (5,001,432) | 1,996,893 |
| Cash, Cash Equivalents, and Restricted Cash, Beginning of Year, as Previously Reported | 27,376,478 | 8,382,060 |
| Change to or within the financial reporting entity (Note 18) | 1,310,038 | (1,310,038) |
| Cash, Cash Equivalents, and Restricted Cash, Beginning of Year, as Restated | 28,686,516 | 7,072,022 |
| Cash, Cash Equivalents, and Restricted Cash, End of Year | $ 23,685,084 | $ 9,068,915 |

| | Primary Government | Discretely Presented Component Units |
|---|---|---|
| Reconciliation of Cash, Cash Equivalents, and Restricted Cash | | |
| Cash and Cash Equivalents | $ 18,321,811 | $ 5,056,059 |
| Restricted Cash and Cash Equivalents | 5,363,273 | 4,012,856 |
| Total Cash, Cash Equivalents, and Restricted Cash | $ 23,685,084 | $ 9,068,915 |
| Reconciliation of operating loss to net cash from operating activities | | |
| Operating loss | $ (2,893,534) | $ (2,710,739) |
| Adjustments to reconcile operating loss to net cash from operating activities | | |
| Depreciation and amortization | 1,922,450 | 7,906,634 |
| Bad debt | - | 31,848 |
| Loss on write off of unamortized debt issuance costs and tax credit fees | 41,689 | - |
| Change in net other postemployment benefits liability and related deferred inflows and deferred outflows | (83,284) | - |
| Change in net pension liability and related deferred inflows and deferred outflows | 152,982 | - |
| Changes in assets and liabilities | | |
| Change in receivables | 1,048,559 | (14,095) |
| Change in prepaid expenses | 20,883 | 36,936 |
| Change in inventory | 211,221 | - |
| Change in other assets | (27,773) | - |
| Change in accounts payable | (127,350) | 7,420 |
| Change in accrued expenses | (200,229) | 126,537 |
| Change in unearned revenues | (68,017) | 24 |
| Change in security deposits payable | 2,872 | 100,650 |
| Net Cash from Operating Activities | $ 469 | $ 5,485,215 |
| Supplemental Disclosure of Noncash Investing and Financing Activities | | |
| Decrease in notes, mortgages and bonds payable from forgiveness of debt | $ 1,721,505 | $ - |
| Decrease in other assets from acquisition of discretely presented component unit | $ 86,054 | $ - |
| Increase in capital assets from due to Boulder County Housing Authority | $ - | $ 265,165 |

| | Josephine Commons, LLC | Aspinwall, LLC | Kestrel I, LLC | Tungsten Village LLC | Coffman Place LLC | Willoughby Corner Seniors LLLP | Willoughby Corner Multifamily LLLP | Total |
|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | $ 1,293,331 | $ 677,629 | $ 161,600 | $ 1,123,407 | $ 581,441 | $ 1,218,651 | $ 5,056,059 | |
| Restricted cash and cash equivalents | 1,291,051 | 1,517,965 | 178,522 | 513,275 | 446,990 | 65,053 | 4,012,856 | |
| Accounts receivable | | | | | | | | |
| Tenants | 7,300 | 16,574 | 796 | 25,266 | - | 39,045 | 88,981 | |
| Other | - | - | - | - | - | 12,749 | 12,749 | |
| Due from Boulder County Housing Authority | 5,730 | - | - | - | - | - | 5,730 | |
| Prepaid expenses | - | 173,170 | 20,952 | 19,284 | 3,987 | 13,266 | 230,659 | |
| Total Current Assets | 2,597,412 | 2,385,338 | 361,870 | 1,681,232 | 1,032,418 | 1,348,764 | 9,407,034 | |
| Other Assets, net of Accumulated Amortization | 26,785 | 120,639 | 88,700 | 170,912 | 125,422 | 912,568 | 1,445,026 | |
| Capital Assets | | | | | | | | |
| Non-depreciable | 3,824,465 | 3,276,533 | 546,027 | 805,765 | 868,592 | 1,573,200 | 10,894,582 | |
| Depreciable, net | 23,225,783 | 48,200,203 | 6,980,388 | 23,621,601 | 29,287,135 | 65,875,312 | 197,190,422 | |
| Total Capital Assets | 27,050,248 | 51,476,736 | 7,526,415 | 24,427,366 | 30,155,727 | 67,448,512 | 208,085,004 | |
| Total Assets | $ 29,674,445 | $ 53,982,713 | $ 7,976,985 | $ 26,279,510 | $ 31,313,567 | $ 69,709,844 | $ 218,937,064 | |

| | Josephine Commons, LLC | Aspinwall, LLC | Kestrel I, LLC | Tungsten Village LLC | Coffman Place LLC | Willoughby Corner Seniors LLLP | Willoughby Corner Multifamily LLLP | Total |
|---|---|---|---|---|---|---|---|---|
| Liabilities and Net Position | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable | | $ 65,857 | $ 18,051 | $ 17,053 | $ 12,482 | $ 20,793 | $ 61,303 | $ 195,539 |
| Accounts payable - construction | | - | - | - | - | - | - | - |
| Construction note payable | | - | - | - | - | - | 41,817,441 | 41,817,441 |
| Accrued liabilities | | 18,204 | 27,283 | 5,796 | 8,192 | 9,874 | 5,813 | 75,162 |
| Accrued interest payable | | 38,839 | 101,040 | 12,053 | 26,247 | 27,887 | 199,341 | 405,407 |
| Unearned revenues | | 3,338 | 1,666 | - | - | 5,519 | - | 10,523 |
| Due to Boulder County Housing Authority | | 83,305 | 107,808 | 79,430 | 180,028 | 33,450 | 484,902 | 968,923 |
| Tenant security deposits payable | | 59,575 | 68,699 | 7,650 | 22,350 | 32,350 | 69,550 | 260,174 |
| Developer fee payable | | - | 301,755 | - | - | 302,088 | 2,266,281 | 2,870,124 |
| Notes, mortgages and bonds payable - current portion | | 367,280 | 408,215 | 39,027 | 107,169 | 56,513 | - | 978,204 |
| Total Current Liabilities | | 636,398 | 1,034,517 | 161,009 | 356,468 | 488,474 | 44,904,631 | 47,581,497 |
| Long-Term Liabilities | | | | | | | | |
| Developer fee payable | | - | - | - | 1,615,325 | 1,908,736 | 2,672,782 | 6,196,843 |
| Accrued interest payable | | 4,062,525 | 2,748,880 | 257,537 | 807,110 | 826,847 | 1,537,069 | 10,239,968 |
| Notes, mortgages and bonds payable - net of current portion | | 24,363,207 | 35,959,282 | 3,855,355 | 14,874,771 | 18,106,887 | 19,416,880 | 116,576,382 |
| Total Long-Term Liabilities | | 28,425,732 | 38,708,162 | 4,112,892 | 17,297,206 | 20,842,470 | 23,626,731 | 133,013,193 |
| Total Liabilities | | 29,062,130 | 39,742,679 | 4,273,901 | 17,653,674 | 21,330,944 | 68,531,362 | 180,594,690 |
| Net Position | | | | | | | | |
| Net investment in capital assets | | 2,319,761 | 15,109,239 | 3,632,033 | 9,445,426 | 11,992,327 | 6,214,191 | 48,712,977 |
| Restricted | | - | - | - | - | - | - | - |
| Unrestricted | | (1,707,446) | (869,205) | 71,051 | (819,590) | (2,009,704) | (5,035,709) | (10,370,603) |
| Total Net Position | | 612,315 | 14,240,034 | 3,703,084 | 8,625,836 | 9,982,623 | 1,178,482 | 38,342,374 |
| Total Liabilities and Net Position | | $29,674,445 | $53,982,713 | $ 7,976,985 | $26,279,510 | $31,313,567 | $69,709,844 | $ 218,937,064 |

| | Josephine Commons, LLC | Aspinwall, LLC | Kestrel I, LLC | Tungsten Village LLC | Coffman Place LLC | Willoughby Corner Seniors LLLP | Willoughby Corner Multifamily LLLP | Total |
|---|---|---|---|---|---|---|---|---|
| Operating Revenues | | | | | | | | |
| Rental income | | $ 3,605,643 | $ 3,911,207 | $ 538,002 | $ 1,301,265 | $ 1,007,150 | $ 1,606,484 | $11,969,751 |
| Other grants | | 119,756 | - | - | - | - | - | 119,756 |
| Other | | 15,565 | 43,255 | 2,877 | 31,899 | 13,239 | 22,394 | 129,229 |
| Total operating revenues | | 3,740,964 | 3,954,462 | 540,879 | 1,333,164 | 1,020,389 | 1,628,878 | 12,218,736 |
| Operating Expenses | | | | | | | | |
| Administrative salaries and benefits | | 303,765 | 363,790 | 47,292 | 132,783 | 84,693 | 155,452 | 1,087,775 |
| Maintenance salaries and benefits | | 524,445 | 627,896 | 81,626 | 229,474 | 103,574 | 189,085 | 1,756,100 |
| Regular and extraordinary maintenance | | 496,935 | 445,841 | 21,052 | 122,288 | 57,824 | 118,057 | 1,261,997 |
| Other administrative | | 171,341 | 230,335 | 26,636 | 111,445 | 87,556 | 138,244 | 765,557 |
| Depreciation and amortization | | 929,644 | 1,895,853 | 281,657 | 822,568 | 1,217,759 | 2,759,153 | 7,906,634 |
| Utilities | | 468,756 | 360,150 | 91,675 | 125,108 | 97,339 | 334,361 | 1,477,389 |
| Insurance | | 155,275 | 169,663 | 42,589 | 66,240 | 62,713 | 101,196 | 597,676 |
| Other expenses | | 7,131 | 9,132 | 18,983 | 40,608 | 493 | - | 76,347 |
| Total operating expenses | | 3,057,292 | 4,102,660 | 611,510 | 1,650,514 | 1,711,951 | 3,795,548 | 14,929,475 |
| Operating Income (Loss) | | 683,672 | (148,198) | (70,631) | (317,350) | (691,562) | (2,166,670) | (2,710,739) |
| Non-Operating Revenues (Expenses) | | | | | | | | |
| Interest income | | 36,684 | 310 | 2,012 | 32 | 564 | - | 39,602 |
| Interest expense | | (931,900) | (1,312,855) | (199,720) | (590,273) | (1,255,233) | (2,872,304) | (7,162,285) |
| Loss on disposal of capital assets | | (163,289) | - | - | - | - | - | (163,289) |
| Total Non-Operating Revenues (Expenses) | | (1,058,505) | (1,312,545) | (197,708) | (590,241) | (1,254,669) | (2,872,304) | (7,285,972) |
| Loss Before Other Contributions and Distributions | | (374,833) | (1,460,743) | (268,339) | (907,591) | (1,946,231) | (5,038,974) | (9,996,711) |
| Other Contributions | | | | | | | | |
| Member contributions, net of syndication costs | | - | - | - | - | 10,316,379 | 725,307 | 11,041,686 |
| Change in Net Position | | (374,833) | (1,460,743) | (268,339) | (907,591) | 8,370,148 | (4,313,667) | 1,044,975 |
| Net Position - Beginning of Year, as Previously Reported | 6,442,333 | 987,148 | 15,700,777 | 3,971,423 | 9,533,427 | 1,612,475 | 5,492,149 | 43,739,732 |
| Change to or within the financial reporting entity (Note 18) | (6,442,333) | - | - | - | - | - | - | (6,442,333) |
| Net Position - Beginning of Year, as Restated | - | 987,148 | 15,700,777 | 3,971,423 | 9,533,427 | 1,612,475 | 5,492,149 | 37,297,399 |
| Net Position - End of Year | | $ 612,315 | $14,240,034 | $ 3,703,084 | $ 8,625,836 | $ 9,982,623 | $ 1,178,482 | $38,342,374 |

| | Josephine Commons, LLC | Aspinwall, LLC | Kestrel I, LLC | Tungsten Village LLC | Coffman Place LLC | Willoughby Corner Seniors LLLP | Willoughby Corner Multifamily LLLP | Total |
|---|---|---|---|---|---|---|---|---|
| Operating Activities | | | | | | | | |
| Receipts from tenants | | $ 3,601,633 | $ 3,949,049 | $ 538,505 | $ 1,321,425 | $ 1,033,616 | $ 1,624,851 | $ 12,069,079 |
| Other grants | | 119,756 | - | - | - | - | - | 119,756 |
| Other income | | 15,565 | 43,255 | 2,877 | 31,899 | 13,239 | 9,645 | 116,480 |
| Payments to employees | | (828,210) | (991,686) | (128,918) | (362,257) | (188,267) | (344,537) | (2,843,875) |
| Payments to suppliers | | (1,280,083) | (1,221,341) | (162,465) | (415,863) | (221,985) | (674,488) | (3,976,225) |
| Net Cash from Operating Activities | | 1,628,661 | 1,779,277 | 249,999 | 575,204 | 636,603 | 615,471 | 5,485,215 |
| Noncapital Financing Activity | | | | | | | | |
| Advances from (payments to) related party | | (162,565) | (6,896) | (132,211) | (218,801) | (96,644) | 29,573 | (587,544) |
| Capital and Related Financing Activities | | | | | | | | |
| Proceeds from construction note payable | | - | - | - | - | 2,054,860 | 8,584,851 | 10,639,711 |
| Principal payments on long-term debt | | (423,724) | (392,391) | (37,735) | - | - | - | (853,850) |
| Principal payments on construction note payable | | - | - | - | - | (9,801,379) | - | (9,801,379) |
| Proceeds from long-term debt borrowings | | - | - | - | - | 264,500 | 400,000 | 664,500 |
| Interest paid on long-term debt | | (484,255) | (950,217) | (138,144) | (309,031) | (889,977) | (2,064,050) | (4,835,674) |
| Payment on developer fee payable | | - | (389,356) | - | - | (25,200) | (163,200) | (577,756) |
| Equity contributions | | - | - | - | - | 10,316,379 | 725,307 | 11,041,686 |
| Purchase of capital assets | | (567,045) | - | (6,850) | - | (1,484,372) | (6,900,133) | (8,958,400) |
| Purchase of other assets | | - | - | - | - | (39,100) | (220,118) | (259,218) |
| Net Cash from (used for) Capital and Related Financing Activities | | (1,475,024) | (1,731,964) | (182,729) | (309,031) | 395,711 | 362,657 | (2,940,380) |
| Investing Activity | | | | | | | | |
| Interest income | | 36,684 | 310 | 2,012 | 32 | 564 | - | 39,602 |
| Net Change in Cash and Cash Equivalents | | 27,756 | 40,727 | (62,929) | 47,404 | 936,234 | 1,007,701 | 1,996,893 |
| Cash and Cash Equivalents, Beginning of Year, as Previously Reported | 1,310,038 | 2,556,626 | 2,154,867 | 403,051 | 1,589,278 | 92,197 | 276,003 | 8,382,060 |
| Change to or within the financial reporting entity (Note 18) | (1,310,038) | - | - | - | - | - | - | (1,310,038) |
| Cash and Cash Equivalents, Beginning of Year, as Restated | - | 2,556,626 | 2,154,867 | 403,051 | 1,589,278 | 92,197 | 276,003 | 7,072,022 |
| Cash and Cash Equivalents, End of Year | | $ 2,584,382 | $ 2,195,594 | $ 340,122 | $ 1,636,682 | $ 1,028,431 | $ 1,283,704 | $ 9,068,915 |

| | Josephine Commons, LLC | Aspinwall, LLC | Kestrel I, LLC | Tungsten Village LLC | Coffman Place LLC | Willoughby Corner Seniors LLLP | Willoughby Corner Multifamily LLLP | Total |
|---|---|---|---|---|---|---|---|---|
| Reconciliation of Cash and Cash Equivalents | | | | | | | | |
| Cash | | $ 1,293,331 | $ 677,629 | $ 161,600 | $ 1,123,407 | $ 581,441 | $ 1,218,651 | $ 5,056,059 |
| Restricted Cash | | 1,291,051 | 1,517,965 | 178,522 | 513,275 | 446,990 | 65,053 | 4,012,856 |
| Total Cash and Cash Equivalents | | $ 2,584,382 | $ 2,195,594 | $ 340,122 | $ 1,636,682 | $ 1,028,431 | $ 1,283,704 | $ 9,068,915 |
| Reconciliation of operating income (loss) to net cash from (used for) operating activities | | | | | | | | |
| Operating income (loss) | | $ 683,672 | $ (148,198) | $ (70,631) | $ (317,350) | $ (691,562) | $ (2,166,670) | $ (2,710,739) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | | | | | | |
| Depreciation and amortization | | 929,644 | 1,895,853 | 281,657 | 822,568 | 1,217,759 | 2,759,153 | 7,906,634 |
| Bad debt | | 6,675 | 16,073 | 4,030 | 5,070 | - | - | 31,848 |
| Changes in assets and liabilities | | | | | | | | |
| Change in receivables | | (10,871) | 33,798 | (297) | 13,610 | 997 | (51,332) | (14,095) |
| Change in prepaid expenses | | - | (23,476) | (494) | 2,022 | 53,456 | 5,428 | 36,936 |
| Change in accounts payable | | 1,399 | (17,234) | 15,951 | (602) | 1,354 | 6,552 | 7,420 |
| Change in accrued expenses | | 11,281 | 18,417 | 18,983 | 43,336 | 29,130 | 5,390 | 126,537 |
| Change in unearned revenues | | 1,161 | (6,656) | - | - | 5,519 | - | 24 |
| Change in security deposits payable | | 5,700 | 10,700 | 800 | 6,550 | 19,950 | 56,950 | 100,650 |
| Net Cash from Operating Activities | | $ 1,628,661 | $ 1,779,277 | $ 249,999 | $ 575,204 | $ 636,603 | $ 615,471 | $ 5,485,215 |
| Supplemental Disclosure of Noncash Investing and Financing Activities | | | | | | | | |
| Increase in capital assets from due to Boulder County Housing Authority | | $ - | $ - | $ - | $ - | $ - | $ 265,165 | $ 265,165 |

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

### General

The Boulder County Housing Authority (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 1077 units of affordable housing in Boulder County and administers up to 31 Emergency Housing Vouchers (EHV), and 944 Section 8 housing choice vouchers which includes 92 family unification program (FUP) vouchers, 90 Section 8 VASH vouchers, 17 Foster Youth Initiative (FYI) vouchers, 40 Mainstream, and 35 non-elderly disabled (NED) vouchers, as of December 31, 2025.

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

Nine 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, LLC (Josephine Commons) was formed in May 2011 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. Josephine Commons, LLC was previously reported as a discretely presented component unit. In 2025, the Authority acquired the 99.99% interest of the investor member and the .001% interest of the special member of Josephine Commons, LLC. This resulted in a change in reporting entity, and the activity and ending balances of Josephine Commons, LLC, are reported within the Authority. See Note 18 for more information.

- 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.

- Tungsten GP LLC is wholly owned by the Authority and is the managing member of Tungsten Village LLC.

- Coffman Place GP LLC is wholly owned by the Authority and is the managing member of Coffman Place LLC.

- Willoughby Corner Seniors GP LLC is wholly owned by the Authority and is the managing member of Willoughby Corner Seniors LLLP.

- Willoughby Corner Multifamily GP LLC is wholly owned by the Authority and is the managing member of Willoughby Corner Multifamily LLLP.

The sole member of all nine 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, LLC; Josephine Commons Manager, LLC; Aspinwall Manager, LLC; Kestrel Manager, LLC; Tungsten GP LLC; Coffman Place GP LLC; Willoughby Corner Seniors GP LLC; and Willoughby Corner Multifamily GP LLC are reported within the proprietary funds of the Authority. Josephine Commons Manager, LLC, Aspinwall Manager, LLC, Kestrel Manager, LLC, Tungsten GP LLC; Coffman Place GP LLC; Willoughby Corner Seniors GP LLC; and Willoughby Corner Multifamily GP LLC have little or no activity.

Separate financial statements for the blended component units are not issued. Condensed component unit information for MFPH and Josephine Commons 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, 2025. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

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.

Tungsten Village, LLC (Tungsten Village) was formed to develop, construct, rehabilitate, own, maintain, and operate a 26-unit multi-family complex for low-income and elderly residents in Nederland, Colorado. The managing member of the Company, Tungsten GP LLC, is wholly owned by the Boulder County Housing Authority. Tungsten GP LLC has an ownership percentage of .01%. As the managing member, the Authority has the day-to-day management responsibilities of the Company.

Coffman Place LLC (Coffman Place) was formed to acquire, own, develop, construct, rehabilitate, lease, manage, and operate a 73-unit multi-family affordable housing complex for residents in Longmont, Colorado. The managing member of the Company, Coffman Place GP LLC, is wholly owned by the Boulder County Housing Authority. Coffman Place GP LLC has an ownership percentage of .01%. As the managing member, the Authority has the day-to-day management responsibilities of the Company.

Willoughby Corner Seniors LLLP (Willoughby Corner Senior) was formed to acquire, own, develop, construct, rehabilitate, lease, manage, and operate a 63-unit senior affordable housing complex for residents in Lafayette, Colorado. The managing member of the Company, Willoughby Corner Seniors GP LLC, is wholly owned by the Boulder County Housing Authority. Willoughby Corner Seniors GP LLC has an ownership percentage of .01%. As the managing member, the Authority has the day-to-day management responsibilities of the Company.

Willoughby Corner Multifamily LLLP (Willoughby Corner Multifamily) was formed to acquire, own, develop, construct, rehabilitate, lease, manage, and operate a 129-unit multi-family affordable housing complex for residents in Lafayette, Colorado. The managing member of the Company, Willoughby Corner Multifamily GP LLC, is wholly owned by the Boulder County Housing Authority. Willoughby Corner Multifamily GP LLC has an ownership percentage of .01%. 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 Department of Housing and Urban Development (HUD) Real Estate Assessment Center (REAC) assesses the financial condition of Public Housing Authorities (PHAs). To uniformly and consistently assess the PHAs, REAC requires that PHA's financial statements conform to Generally Accepted Accounting Principles (GAAP).

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 statement of net position. 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, 2025, 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, 2025, the Authority considered all notes and interest receivables to be fully collectable.

**Developer Fees Receivable**

Developer fees receivable and related interest receivable are carried at the amounts earned but unpaid in accordance with the development agreements with the various entities. As of December 31, 2025, the Authority considered all developer fees and interest receivable 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 Authority uses a capitalization threshold of $5,000. Donated fixed assets are valued at their estimated acquisition 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, 2025.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate element represents a consumption of net assets 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, 2024 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 Statement of Net Position includes a separate section for deferred inflows of resources. This separate element represents an acquisition of net assets 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 position are available.

**Compensated Absences**

The Authority follows Boulder County's policy on unpaid vacation and medical leave. The policy allows employees to accumulate unused vacation and medical leave benefits up to certain limits. Upon termination, all unused vacation leave benefits are paid to the employee. Medical leave benefits may be paid to the employee upon termination depending on hire date. Employees hired prior to June 1, 1987, except Human Services Department employees, are paid all unused medical leave benefits upon termination. Employees hired on or after June 1, 1987, are not paid for unused medical leave benefits upon termination.

The liability for compensated absences reported in the financial statements consists of unused leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means, and certain other types of leave, such as compensatory time.

**Unearned Revenues**

As of December 31, 2025, the Authority's unearned revenues consisted of prepaid rents of $4,857 and Coffman Garage unearned revenue of $5,345,666.

At December 31, 2025, the discretely presented component units' unearned revenue consisted of prepaid rents of $8,857 and $1,666 for Kestrel's assumed service agreement with CenturyLink Sales Solutions, Inc. The agreement required a one-time payment from CenturyLink in the amount of $20,000 for an easement on providing the project with cable services. The contract expires in 2026.

**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 statement of net position 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 statement of net position 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 (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

## Note 2 - 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 2025.

#### 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, 2025, the Authority'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, 2025, the Authority's carrying amount of deposits was $23,685,084 and bank balances totaled $24,143,366. Of the bank balances, $1,009,754 was covered by Federal Depository Insurance. Of the remaining balances for 2025, $23,133,612 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, 2025, investments held by the Authority are held in a local government investment pool totaling $9,868,752. These funds are classified as cash and cash equivalents on the statement of net position.

#### 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, 2025, the Authority had $9,868,752 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pools 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, the deposits of the discretely presented component units may not be returned to them.

At December 31, 2025, Aspinwall's carrying amount of deposits was $2,584,382 and the bank balances totaled $2,795,047. Of the bank balances, $250,000 was covered by Federal Depository Insurance. The remaining balance of $2,545,047 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, 2025, Kestrel's carrying amount of deposits was $2,195,594 and the bank balances totaled $2,393,802. Of the bank balances, $500,000 was covered by Federal Depository Insurance. The remaining balance of $1,893,802 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, 2025, Tungsten Village's carrying amount of deposits was $340,122 and the bank balances totaled $343,641. Of the bank balances, $250,000 was covered by Federal Depository Insurance. The remaining balance of $93,641 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, 2025, Coffman Place's carrying amount of deposits was $1,636,682 and the bank balances totaled $1,622,398. Of the bank balances, $500,000 was covered by Federal Depository Insurance. Of the remaining balances for 2025, $1,122,398 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2025, Willoughby Corner Senior's carrying amount of deposits was $1,028,431 and the bank balances totaled $1,040,270. Of the bank balances, $250,000 was covered by Federal Depository Insurance. Of the remaining balances for 2025, $790,270 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2025, Willoughby Corner Multifamily's carrying amount of deposits was $1,283,704 and the bank balances totaled $1,317,934. Of the bank balances, $250,000 was covered by Federal Depository Insurance. The remaining balance of $1,067,934 was collateralized with securities held by the pledging financial institution's agent in the government's name.

## Note 3 - Restricted Cash

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

At December 31, 2025, restricted cash and cash equivalents consisted of the following:

| | |
|---|---|
| HUD Family Self-Sufficiency program escrow | $ 234,162 |
| HUD Family Self-Sufficiency Forfeiture | 3,143 |
| HUD programs | 271,066 |
| Rural Development programs | 454,732 |
| Community Development Block Grant program | 416,810 |
| Water escrow set-aside funds | 3,451,564 |
| RAD conversion | 159,900 |
| Seward Rehab | 199,314 |
| First Bank escrow account | 41,590 |
| Tenant security deposits | 130,992 |
| | $ 5,363,273 |

## Note 4 - Notes Receivable

| Notes Receivable from Discretely Presented Component Units | Principal | Accrued Interest |
|---|---|---|
| 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 | $ 56,050 |
| 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 | 162,540 |
| 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 | 158,115 |
| 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 | 124,415 |
| 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 | 96,480 |
| 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 | 1,811,052 |
| 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 | 1,110,478 |
| 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 | 2,762,396 | 543,395 |
| 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 | 561,617 |
| 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 | 216,007 |
| 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 | 75,681 |

| | Principal | Accrued Interest |
|---|---|---|
| 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 | $ 194,689 |
| 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 | 125,348 |
| 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 | 1,476,973 |
| 1.0% note receivable from Kestrel, 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 | 98,565 |
| 6.0% note receivable from Tungsten Village, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 224,894 | 65,686 |
| 3.0% note receivable from Tungsten Village, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 440,000 | 87,481 |
| 3.0% note receivable from Tungsten Village, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 400,000 | 85,042 |
| 1.0% note receivable from Tungsten Village, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 260,000 | 19,328 |
| 2.5% note receivable from Coffman Place, payments are to be made from available cash flow, unpaid principal and interest due December 2075, secured by a deed of trust on the property | 1,550,000 | 219,127 |
| 2.5% note receivable from Coffman Place, payments are to be made from available cash flow, unpaid principal and interest due December 2075, secured by a deed of trust on the property | 3,730,000 | 421,211 |
| 4.25% note receivable from Willoughby Corner Senior, payments are to be made from available cash flow, unpaid principal and interest due May 2055, secured by a deed of trust on the property | 738,000 | 85,377 |

| | Principal | Accrued Interest |
|---|---|---|
| 4.25% note receivable from Willoughby Corner Senior, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust on the property | $ 803,906 | $ 93,002 |
| 0% note receivable from Willoughby Corner Senior, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust on the property | 1,816,756 | - |
| 4.25% note receivable from Willoughby Corner Senior, payments are to be made from available cash flow, unpaid principal and interest due May 2065, principal may be drawn to a maximum of $7,586,814, secured by a deed of trust on the property | 7,586,814 | 626,483 |
| 4.25% note receivable from Willoughby Corner Multifamily, payments are to be made from available cash flow, unpaid principal and interest due May 2055, secured by a deed of trust on the property | 1,470,000 | 170,060 |
| 4.25% note receivable from Willoughby Corner Multifamily, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust on the property | 1,646,094 | 190,433 |
| 0% note receivable from Willoughby Corner Multifamily, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust on the property | 2,176,680 | - |
| 4.25% note receivable from Willoughby Corner Multifamily, payments are to be made from available cash flow, unpaid principal and interest due May 2065, principal may be drawn to a maximum of $14,124,106, secured by a deed of trust on the property | 14,124,106 | 1,176,575 |
| Total Notes Receivable from Discretely Presented Component Units | $ 60,521,357 | $ 10,051,210 |

| | | |
|---|---|---|
| <u>Notes Receivable - Other</u> | | |
| 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 | $ 65,734 | $ - |
| 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 | 820,000 | 1,403,926 |
| 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 | 258,251 | 161,171 |
| Twenty-five notes receivable for the Boulder County Rehabilitation Program, interest calculated at varying interest rates from 1% to 5%, payments due monthly on twenty-nine notes, payments deferred until maturity on eight notes - See (B) below | 132,446 | - |
| Six 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 | 175,049 | - |
| Total Notes Receivable - Other | $ 1,451,480 | $ 1,565,097 |
| Total Notes Receivable | $ 61,972,837 | $ 11,616,307 |

(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 2025.

(B) These notes are issued to low-income residents of Boulder County who receive rehabilitation services on their home.

In addition to interest on notes receivable, the Authority charges interest on developer fees receivable from Kestrel and Coffman. At December 31, 2025, the balance of accrued interest receivable consisted of the following:

| | |
|---|---|
| Accrued interest receivable on notes receivable | $ 11,616,307 |
| Accrued interest receivable on Kestrel developer fees - Note 16: | 25,792 |
| Accrued interest receivable on Coffman developer fees - Note 16: | 166,772 |
| Total interest receivable | $ 11,808,871 |

## Note 5 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2025:

### Primary Government

| | Balance January 1 | Acquisition of Capital Assets From Change in Reporting Entity (Note 18) | Additions | Transfers | Disposals | Balance December 31 |
|---|---|---|---|---|---|---|
| Nondepreciable assets: | | | | | | |
| Land | $ 7,241,145 | $ 86,500 | $ - | $ 1,119,700 | $ (838,492) | $ 7,608,853 |
| Construction in progress | 7,663,947 | - | 9,898,119 | (8,020,560) | (122,003) | 9,419,503 |
| Total capital assets not being depreciated | 14,905,092 | 86,500 | 9,898,119 | (6,900,860) | (960,495) | 17,028,356 |
| Depreciable assets: | | | | | | |
| Computer equipment/software | 47,819 | - | - | - | - | 47,819 |
| Equipment | 229,361 | - | - | 197,935 | - | 427,296 |
| Furniture and fixtures | 64,189 | 643,801 | 631,627 | 3,735,728 | (33,233) | 5,042,112 |
| Buildings and improvements | 45,241,746 | 13,592,231 | 55,575 | 2,020,915 | (3,536,093) | 57,374,374 |
| Land improvements | 67,720 | 1,546,234 | - | 939,782 | - | 2,553,736 |
| Vehicles | 835,734 | - | 264,308 | 6,500 | - | 1,106,542 |
| Total buildings and improvements | 46,486,569 | 15,782,266 | 951,510 | 6,900,860 | (3,569,326) | 66,551,879 |
| Accumulated depreciation: | | | | | | |
| Computer equipment/software | (47,819) | - | - | - | - | (47,819) |
| Equipment | (64,994) | - | (303,825) | - | - | (368,819) |
| Furniture and fixtures | (59,170) | (504,939) | (143,409) | - | 18,627 | (688,891) |
| Buildings and improvements | (19,279,573) | (4,151,371) | (1,038,636) | - | 1,684,568 | (22,785,012) |
| Land improvements | (14,733) | (948,563) | (278,216) | - | 15,851 | (1,225,661) |
| Vehicles | (733,124) | - | (99,022) | - | - | (832,146) |
| Total accumulated depreciation | (20,199,413) | (5,604,873) | (1,863,108) | - | 1,719,046 | (25,948,348) |
| Total capital assets being depreciated | 26,287,156 | 10,177,393 | (911,598) | 6,900,860 | (1,850,280) | 40,603,531 |
| Right-to-use leased assets: | | | | | | |
| Right-to-use leased vehicles | 296,711 | - | - | | - | 296,711 |
| Accumulated amortization | (32,639) | - | (59,342) | - | - | (91,981) |
| Total right-to-use leased assets | 264,072 | - | (59,342) | - | - | 204,730 |
| Total capital assets, net | $ 41,456,320 | $ 10,263,893 | $ 8,927,179 | $ - | $ (2,810,775) | $ 57,836,617 |

**Discretely Presented Component Units**

*Aspinwall*

| | Balance January 1 | Additions | Disposals | Balance December 31 |
|---|---|---|---|---|
| Nondepreciable assets: | | | | |
| Land | $ 3,387,965 | $ - | $ - | $ 3,387,965 |
| Construction in progress | - | 436,500 | - | 436,500 |
| | 3,387,965 | 436,500 | - | 3,824,465 |
| Depreciable assets: | | | | |
| Land improvements | 2,857,957 | - | - | 2,857,957 |
| Geothermal equipment | 1,856,997 | - | - | 1,856,997 |
| Equipment and furnishings | 564,023 | 130,544 | - | 694,567 |
| Buildings and improvements | 30,678,755 | - | (236,080) | 30,442,675 |
| Total buildings and improvements | 35,957,732 | 130,544 | (236,080) | 35,852,196 |
| Accumulated depreciation: | (11,777,035) | (922,169) | 72,791 | (12,626,413) |
| Total capital assets being depreciated | 24,180,697 | (791,625) | (163,289) | 23,225,783 |
| Total capital assets, net | $ 27,568,662 | $ (355,125) | $ (163,289) | $ 27,050,248 |

*Kestrel*

| | Balance January 1 | Additions | Disposals | Balance December 31 |
|---|---|---|---|---|
| Nondepreciable assets: | | | | |
| Land | $ 3,276,533 | $ - | $ - | $ 3,276,533 |
| Depreciable assets: | | | | |
| Land improvements | 5,951,051 | - | - | 5,951,051 |
| Equipment and furnishings | 1,758,707 | - | - | 1,758,707 |
| Buildings and improvements | 63,028,633 | - | - | 63,028,633 |
| Total buildings and improvements | 70,738,391 | - | - | 70,738,391 |
| Accumulated depreciation: | (20,659,455) | (1,878,733) | - | (22,538,188) |
| Total capital assets being depreciated | 50,078,936 | (1,878,733) | - | 48,200,203 |
| Total capital assets, net | $ 53,355,469 | $ (1,878,733) | $ - | $ 51,476,736 |

*Tungsten Village*

| | Balance January 1 | Additions | Disposals | Balance December 31 |
|---|---|---|---|---|
| Nondepreciable assets: | | | | |
| Land | $ 546,027 | $ - | $ - | $ 546,027 |
| Depreciable assets: | | | | |
| Land improvements | 393,899 | 6,850 | - | 400,749 |
| Equipment and furnishings | 247,116 | - | - | 247,116 |
| Buildings and improvements | 7,939,813 | - | - | 7,939,813 |
| Total buildings and improvements | 8,580,828 | 6,850 | - | 8,587,678 |
| Accumulated depreciation: | (1,334,970) | (272,320) | - | (1,607,290) |
| Total capital assets being depreciated | 7,245,858 | (265,470) | - | 6,980,388 |
| Total capital assets, net | $ 7,791,885 | $ (265,470) | $ - | $ 7,526,415 |

*Coffman Place*

| | Balance January 1 | Additions | Disposals | Balance December 31 |
|---|---|---|---|---|
| Nondepreciable assets: | | | | |
| Land | $ 805,765 | $ - | $ - | $ 805,765 |
| Depreciable assets: | | | | |
| Land improvements | 734,287 | - | - | 734,287 |
| Equipment and furnishings | 397,241 | - | - | 397,241 |
| Buildings and improvements | 25,445,898 | - | - | 25,445,898 |
| Total buildings and improvements | 26,577,426 | - | - | 26,577,426 |
| Accumulated depreciation: | (2,148,192) | (807,633) | - | (2,955,825) |
| Total capital assets being depreciated | 24,429,234 | (807,633) | - | 23,621,601 |
| Total capital assets, net | $ 25,234,999 | $ (807,633) | $ - | $ 24,427,366 |

*Willoughby Corner Senior*

| | Balance January 1 | Additions | Transfers | Balance December 31 |
|---|---|---|---|---|
| Nondepreciable assets: | | | | |
| Land | $ 868,592 | $ - | $ - | $ 868,592 |
| Depreciable assets: | | | | |
| Land improvements | 2,443,584 | - | - | 2,443,584 |
| Equipment and furnishings | 877,829 | 381,088 | - | 1,258,917 |
| Buildings and improvements | 26,902,006 | - | - | 26,902,006 |
| Total buildings and improvements | 30,223,419 | 381,088 | - | 30,604,507 |
| Accumulated depreciation: | (108,680) | (1,208,692) | - | (1,317,372) |
| Total capital assets being depreciated | 30,114,739 | (827,604) | - | 29,287,135 |
| Total capital assets, net | $ 30,983,331 | $ (827,604) | $ - | $ 30,155,727 |

*Willoughby Corner Multifamily*

| | Balance January 1 | Additions | Transfers | Balance December 31 |
|---|---|---|---|---|
| Nondepreciable assets: | | | | |
| Land | $ 1,573,200 | $ - | $ - | $ 1,573,200 |
| Depreciable assets: | | | | |
| Land improvements | 10,084,615 | 1,604,729 | (5,419,132) | 6,270,212 |
| Equipment and furnishings | 1,642,683 | 67,459 | 367,527 | 2,077,669 |
| Buildings and improvements | 54,423,294 | 836,310 | 5,051,605 | 60,311,209 |
| Total buildings and improvements | 66,150,592 | 2,508,498 | - | 68,659,090 |
| Accumulated depreciation: | (41,610) | (2,742,168) | - | (2,783,778) |
| Total capital assets being depreciated | 66,108,982 | (233,670) | - | 65,875,312 |
| Total capital assets, net | $ 67,682,182 | $ (233,670) | $ - | $ 67,448,512 |

## Note 6 - Leases

During the year ended December 31, 2025, the following changes occurred in lease liabilities:

| | Balance January 1, | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Lease Liability | $ 266,175 | $ - | $ (50,511) | $ 215,664 | $ 54,014 |

The Authority has entered into multiple lease agreements as lessee for the use of vehicles. The Authority is required to make monthly principal and interest payments totaling $989 per vehicle lease through June 2029. As of December 31, 2025, the value of the lease liability on these vehicles was $215,664. The lease liability was valued using discount rates ranging from 6.792% to 6.975%.

## Note 7 - Construction Notes Payable

### Discretely Presented Component Units

*Willoughby Corner Multifamily*

Willoughby Corner Multifamily financed the construction of the project in part with 5.22% Multi-Family Housing Revenue Bonds issued by the Authority (issuer) and payable to FirstBank, in an amount up to $37,791,108. The bonds are secured by a deed of trust, security agreement and fixture filing. Interest only payments are to be made through the expected conversion date, June 1, 2026 (extended maturity date). As of December 31, 2025, the balance of the construction bonds payable was $37,791,108. During 2025, Willoughby Corner Multifamily incurred interest of $1,956,718 on these bonds, which has been expensed. As of December 31, 2025, Willoughby Corner Multifamily owed accrued interest of $169,871 on the bonds.

Willoughby Corner Multifamily financed the construction of the project in part with a variable rate (8.5% as of December 31, 2025) construction note payable to FirstBank in an amount up to $4,026,333. The note is secured by a deed of trust, security agreement and fixture filing. Interest only payments are to be made through the expected conversion date, June 1, 2026 (extended maturity date). As of December 31, 2025, the balance of the construction note payable was $4,026,333. During the year ended December 31, 2025, Willoughby Corner Multifamily incurred interest of $173,308 on the construction note payable, which has been expensed. As of December 31, 2025, the Partnership owed accrued interest of $29,470 on the construction note payable.

The bonds and note payable are expected to be paid down from capital contributions to a permanent amount of $13,150,000 and bear interest at 5.22%.

## Note 8 - Long-Term Debt

During the year ended December 31, 2025, the following changes occurred in long-term debt:

### Primary Government

| | Balance January 1, as Restated | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable* | $ 10,314,935 | $ 14,780 | $ (4,450,855) | $ 5,878,860 | $ 52,310 |
| Bonds Payable | 7,546,106 | - | (2,006,652) | 5,539,454 | 197,858 |
| Total long-term debt | $ 17,861,041 | $ 14,780 | $ (6,457,507) | $ 11,418,314 | $ 250,168 |

* The restatement of prior year balances of notes and mortgages payable includes an increase of $2,670,211 from the change to or within the financial reporting entity and an increase of $4,497,265 from the correction of error – see Note 18.

**Discretely Presented Component Units**

*Aspinwall*

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable | $ 25,135,801 | $ - | $ (405,314) | $ 24,730,487 | $ 367,280 |

*Kestrel*

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable | $ 36,711,500 | $ - | $ (344,003) | $ 36,367,497 | $ 408,215 |

*Tungsten Village*

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable | $ 3,919,460 | $ - | $ (25,078) | $ 3,894,382 | $ 39,027 |

*Coffman Place*

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable | $ 14,965,119 | $ 16,821 | $ - | $ 14,981,940 | $ 107,169 |

*Willoughby Corner Senior*

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable | $ 12,381,976 | $ 5,781,424 | $ - | $ 18,163,400 | $ 56,513 |

*Willoughby Corner Multifamily*

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Notes and Mortgages Payable | $ 19,016,880 | $ 400,000 | $ - | $ 19,416,880 | $ - |

Long-term debt as of December 31, 2025, 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 | $ 161,050 |
| 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 | 812,007 |
| 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 | 129,536 |
| 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 | 427,504 |
| 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 | 12,162 |
| 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 | 2,664 |
| 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 | 50,694 |
| Non-interest-bearing mortgage note payable, principal balance to be forgiven in periodic installments through the maturity date of August 2033 if all loan provisions have been met through maturity, secured by a deed of trust on the property - see (A) below | 2,775,760 |
| 1% mortgage note payable - see (B) below | 1,507,483 |
| Total notes and mortgages payable | 5,878,860 |
| **Bonds Payable** | |
| Series 2012 Housing Revenue Bonds - See (C) below | 5,539,454 |
| **Total Long-Term Debt** | $ 11,418,314 |

(A) – In 2025, principal of $1,721,505 was forgiven on this note payable.

(B) – Annual interest payments of $14,779 began June 1, 2019 and are to 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. The mortgage note payable is secured by a deed of trust on the Kestrel property.

(C) – 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, 2025. 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 a debt service coverage ratio. The bonds are secured by a deed of trust on the property and an assignment of rents.

**Discretely Presented Component Units**

*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 | | 2,762,396 |
| 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 $102,786, based upon an effective interest rate of 4.47% - see (A) below | | 10,300,567 |
| 6.75% note payable to Mile High Community Loan Fund, Inc., monthly payments of principal and interest are to be made through maturity in July 2031, secured by a deed of trust on the property | | 518,633 |
| 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 | | 609,081 |
| | $ | 24,730,487 |

*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 $399,251, based upon an effective rate of 4.30% | $ | 22,403,165 |
| 0.0% note payable to the State of Colorado - see (B) below | | 3,712,431 |

| | | |
|---|---|---|
| 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 |
| | $ | 36,367,497 |

*Tungsten Village*

| | | |
|---|---|---|
| 5.0% mortgage note payable to FirstBank, due in monthly principal and interest payments of $14,656, through June 2037, secured by a deed of trust, security agreement, fixture filing and assignment of leases and rents, net of unamortized debt issuance costs of $142,405, based upon an effective rate of 5.94% | $ | 2,569,488 |

| | |
|---|---|
| 6.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | $ 224,894 |
| 3.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 440,000 |
| 1.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 260,000 |
| 3.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property | 400,000 |
| | $ 3,894,382 |

*Coffman Place*

| | |
|---|---|
| 3.0% mortgage note payable to CitiBank, N.A., interest only payments through April 1, 2026 and monthly installments of $39,101 commencing from May 2026 until maturity on April 1, 2038, secured by a deed of trust, assignment of leases and rents, security agreement, and fixture filing, net of unamortized debt issuance costs of $458,060, based upon an effective rate of 3.63% | $ 9,701,940 |
| 2.5% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2075, secured by a deed of trust on the property | 1,550,000 |
| 2.5% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2075, secured by a deed of trust on the property | 3,730,000 |
| | $ 14,981,940 |

*Willoughby Corner Senior*

| | |
|---|---|
| 5.41% mortgage note payable to FirstBank, due in monthly principal and interest payments of $31,098, beginning January 2026 through June 2041, secured by a deed of trust, security agreement, fixture filing and assignment rents, net of unamortized debt issuance costs of $282,076, based on an effective rate of 5.73% | $ 5,516,924 |
| 4.25% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2055, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | 738,000 |
| 4.25% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | 803,906 |
| 0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | 1,816,756 |
| 4.25% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | 7,586,814 |
| 1% note payable to the State of Colorado, due in annual installments from available cash flow in an amount equal to fifty percent of Net Cash Flow as defined by the loan agreement, including interest, beginning July 2025 through the maturity date of July 2055, secured by a deed of trust on the property | 1,701,000 |
| | $ 18,163,400 |

*Willoughby Corner Multifamily*

| | | |
|---|---|---|
| 4.25% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2055, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | $ | 1,470,000 |
| 4.25% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | | 1,646,094 |
| 0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | | 2,176,680 |
| 4.25% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing on the property | | 14,124,106 |
| | $ | 19,416,880 |
| Total Notes and Mortgages Payable | $ | 117,554,586 |

(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, 2025 are as follows:

**Primary Government**

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 250,168 | $ 273,291 | $ 523,459 |
| 2027 | 7,088,959 | 251,371 | 7,340,330 |
| 2028 | 41,073 | 95,796 | 136,869 |
| 2029 | 348,704 | 93,817 | 442,521 |
| 2030 | 349,679 | 88,951 | 438,630 |
| 2031-2035 | 2,229,245 | 377,910 | 2,607,155 |
| 2036-2040 | 978,296 | 51,438 | 1,029,734 |
| 2041-2045 | 120,924 | 7,453 | 128,377 |
| 2046 | 11,266 | 73 | 11,339 |
| Total | $ 11,418,314 | $ 1,240,100 | $ 12,658,414 |

**Discretely Presented Component Units**

*Aspinwall*

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 367,280 | $ 463,964 | $ 831,244 |
| 2027 | 383,362 | 447,881 | 831,243 |
| 2028 | 400,141 | 431,103 | 831,244 |
| 2029 | 417,662 | 413,581 | 831,243 |
| 2030 | 435,962 | 395,282 | 831,244 |
| 2031-2035 | 8,917,579 | 257,403 | 9,174,982 |
| 2036-2044 | - | - | - |
| 2045 | 609,081 | - | 609,081 |
| 2046-2062 | - | - | - |
| 2063 | 13,302,206 | 31,694,082 | 44,996,288 |
| Unamortized debt issuance costs | (102,786) | - | (102,786) |
| Total | $ 24,730,487 | $ 34,103,296 | $ 58,833,783 |

*Kestrel*

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 408,215 | $ 910,398 | $ 1,318,613 |
| 2027 | 424,677 | 893,936 | 1,318,613 |
| 2028 | 441,803 | 876,811 | 1,318,614 |
| 2029 | 749,352 | 858,994 | 1,608,346 |
| 2030 | 767,887 | 840,459 | 1,608,346 |
| 2031-2035 | 21,460,482 | 2,595,085 | 24,055,567 |
| 2036-2050 | - | - | - |
| 2051 | 3,712,431 | - | 3,712,431 |
| 2052-2065 | - | - | - |
| 2066 | 8,801,901 | 26,315,338 | 35,117,239 |
| Unamortized debt issuance costs | (399,251) | - | (399,251) |
| Total | $ 36,367,497 | $ 33,291,021 | $ 69,658,518 |

*Tungsten Village*

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 39,027 | $ 136,852 | $ 175,879 |
| 2027 | 41,052 | 134,827 | 175,879 |
| 2028 | 42,802 | 133,077 | 175,879 |
| 2029 | 45,403 | 130,476 | 175,879 |
| 2030 | 47,759 | 128,121 | 175,880 |
| 2031-2035 | 278,229 | 601,167 | 879,396 |
| 2036-2040 | 2,217,621 | 165,739 | 2,383,360 |
| 2041-2053 | - | - | - |
| 2054 | 1,324,894 | 2,592,780 | 3,917,674 |
| Unamortized debt issuance costs | (142,405) | - | (142,405) |
| Total | $ 3,894,382 | $ 4,023,039 | $ 7,917,421 |

*Coffman Place*

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 107,169 | $ 308,084 | $ 415,253 |
| 2027 | 165,742 | 303,467 | 469,209 |
| 2028 | 170,014 | 299,196 | 469,210 |
| 2029 | 176,098 | 293,111 | 469,209 |
| 2030 | 181,530 | 287,679 | 469,209 |
| 2031-2035 | 994,318 | 1,351,729 | 2,346,047 |
| 2036-2040 | 8,365,129 | 576,448 | 8,941,577 |
| 2041-2074 | - | - | - |
| 2075 | 5,280,000 | 14,985,311 | 20,265,311 |
| Unamortized debt issuance costs | (458,060) | - | (458,060) |
| Total | $ 14,981,940 | $ 18,405,025 | $ 33,386,965 |

*Willoughby Corner Senior*

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 56,513 | $ 316,664 | $ 373,177 |
| 2027 | 59,692 | 313,485 | 373,177 |
| 2028 | 62,161 | 311,016 | 373,177 |
| 2029 | 66,546 | 306,631 | 373,177 |
| 2030 | 70,290 | 302,887 | 373,177 |
| 2031-2035 | 414,401 | 1,451,484 | 1,865,885 |
| 2036-2040 | 544,112 | 1,321,773 | 1,865,885 |
| 2041-2045 | 4,525,285 | 123,048 | 4,648,333 |
| 2046-2054 | - | - | - |
| 2055 | 2,439,000 | 6,231,081 | 8,670,081 |
| 2056-2064 | - | - | - |
| 2065 | 10,207,476 | 36,645,851 | 46,853,327 |
| Unamortized debt issuance costs | (282,076) | - | (282,076) |
| Total | $ 18,163,400 | $ 47,323,920 | $ 65,487,320 |

*Willoughby Corner Multifamily*

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ - | $ - | $ - |
| 2027 | - | - | - |
| 2028 | - | - | - |
| 2029 | - | - | - |
| 2030 | - | - | - |
| 2031-2054 | - | - | - |
| 2055 | 1,470,000 | 3,653,883 | 5,123,883 |
| 2056-2064 | - | - | - |
| 2065 | 17,946,880 | 69,313,169 | 87,260,049 |
| Total | $ 19,416,880 | $ 72,967,052 | $ 92,383,932 |

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 July 2063 for Aspinwall, March 2066 for Kestrel, December 2054 for Tungsten Village, December 2075 for Coffman Place, and March 2055 and March 2065 for Willoughby Corner Senior and Willoughby Corner Multifamily.

## 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, 2025, the outstanding principal balance of the bonds was $2,235,136.

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, 2025, the outstanding principal balance of the bonds was $22,802,416.

## Note 10 - Compensated Absences

A summary of the activity in the Authority's compensated absences for the year ended December 31, 2025 is as follows:

| | Balance January 1, | Increases | Decreases | Balance December 31 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences * | $ 901,373 | $ - | $ (150,673) | $ 750,700 | $ 230,833 |

* The roll-forward schedule only reports the net change in the compensated absences liability.

## 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 $16,551,991 for the year ended December 31, 2025.

## Note 12 - Defined Benefit Pension Plan Description

### Plan Description

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

### 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

**Contributions**

Eligible employees of the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Employee contribution rates for the period January 1, 2025 through December 31, 2025 are summarized in the table below:

| | January 1, 2025 Through December 31, 2025 |
|---|---|
| Employee contribution | 9.00% |

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

The employer contribution requirements for all employees are summarized in the table below:

| | January 1, 2025 Through December 31, 2025 |
|---|---|
| Employer Contribution Rate | 11.00% |
| 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 | 9.98% |
| 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% |
| Defined Contribution Supplement as specified in C.R.S. § 24-51-415 | 0.11% |
| Total Employer Contribution Rate to the LGDTF | 13.79% |

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were $903,584 for the year ended December 31, 2025.

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

The net pension liability for the LGDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the TPL to December 31, 2024. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2025, the Authority reported a net pension liability of $3,759,076 for its proportionate share of the net pension liability.

At December 31, 2024, the Authority's proportion was .613%, which was an increase of .017% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Authority recognized pension expense of $1,056,567. At December 31, 2025, 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 | $ 283,653 | $ - |
| Changes of assumptions or other inputs | 110,941 | - |
| Net difference between projected and actual earnings on pension plan investments | 353,744 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 28,620 | - |
| Contributions subsequent to the measurement date | 903,584 | - |
| Total | $ 1,680,542 | $ - |

$903,584 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense offset as follows:

| **Year ended December 31,** | |
|---|---|
| 2026 | $ 714,613 |
| 2027 | $ 898,142 |
| 2028 | $ (598,753) |
| 2029 | $ (237,044) |
| 2030 | $ - |
| Thereafter | $ - |

**Actuarial assumptions**

The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry Age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | 3.20% - 11.30% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 | 1.00% |
| PERA benefit structure hired after 12/31/06* | Financed by the AIR |

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

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

| **Pre-Retirement** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubG-2010 Employee | N/A |
| **Post-Retirement (Retiree), Non-Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
| Members | PubG-2010 Healthy Retiree | Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older<br><br>Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older |
| **Post-Retirement (Beneficiary), Non-Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages<br>Females: 105% of the rates for all ages |
| **Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
| Members | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

- Salary increases, including wage inflation for Members other than Safety Officer: 3.40%-13.00%
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

| **Pre-Retirement** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubG-2010 Employee | N/A |

| **Post-Retirement (Retiree), Non-Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubG-2010 Healthy Retiree | Males: 90% of the rates for all ages<br>Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older |

| **Post-Retirement (Beneficiary), Non-Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 92% of the rates for all ages<br>Females: 100% of the rates for all ages |

| **Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 51.00% | 5.00% |
| Fixed Income | 23.00% | 2.60% |
| Private Equity | 10.00% | 7.60% |
| Real Estate | 10.00% | 4.10% |
| Alternatives | 6.00% | 5.20% |
| Total | 100.00% | |

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

**Discount Rate**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively.

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

**Sensitivity of the Authority's Proportionate Share of 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 1-percentage-point lower (6.25%) or 1-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 | $ 8,227,864 | $ 3,759,076 | $ 4,785 |

**Pension Plan Fiduciary Net Position**

Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

## Note 13 - Defined Contribution Pension Plans

**Voluntary Investment Program (PERAPlus 401(k) Plan)**

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

*Funding Policy* - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The Authority does not match employee contributions to the plan. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2025, program members contributed $105,398 to the PERAPlus 401(k) Plan.

**Defined Contribution Retirement Plan (PERA DC Plan)**

*Plan Description* – Eligible employees of the LGDTF hired on or after January 1, 2019, have the option to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's ACRF as referred to above.

*Funding Policy* – All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates are summarized in the tables below:

| | January 1, 2025 Through December 31, 2025 |
|---|---|
| Employee contribution rate | 9.00% |
| Employer contribution rate (on behalf of participating employees) | 10.00% |

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

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts as follows:

| | January 1, 2025 Through December 31, 2025 |
|---|---|
| Amortization Equalization Disbursement (AED) as 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% |
| Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413* | 1.00% |
| Additional Contribution Supplement as specified in C.R.S. § 24-51-401 and § 24-51-415 | 0.11% |
| **Total Employer Contribution Rate to the LGDTF** | 4.81% |

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. The Authority had one employee participating in the PERA DC Plan during 2025.

## Note 14 - Postemployment Benefits Other Than Pensions

### Plan Description

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

### Benefits Provided

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

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

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

**PERA Benefit Structure**

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were $70,077 for the year ended December 31, 2025.

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

At December 31, 2025, the Authority reported a liability of $230,160 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the TOL to December 31, 2024. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Authority's proportion was .048%, which was an increase of .001% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Authority recognized OPEB expense offset of ($15,830). At December 31, 2025, 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 | $ - | $ 50,769 |
| Changes of assumptions or other inputs | 2,639 | 73,571 |
| Net difference between projected and actual earnings on OPEB plan investments | 780 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 31,579 | 2,206 |
| Contributions subsequent to the measurement date | 70,077 | - |
| Total | $ 105,075 | $ 126,546 |

The $70,077 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense offset as follows:

| **Year ended December 31,** | |
|---|---|
| 2026 | $ (27,467) |
| 2027 | (14,905) |
| 2028 | (21,867) |
| 2029 | (12,126) |
| 2030 | (9,161) |
| Thereafter | (6,022) |

**Actuarial assumptions**

The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry Age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | 3.20% - 11.30% |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare Plans* | 16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034 |
| MAPD PPO #2 | 105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034 |
| Medicare Part A Premiums | 3.50% in 2024, gradually increasing to 4.50% in 2033 |

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

| Age-Related Morbidity Assumptions | | |
|---|---|---|
| **Participant Age** | **Annual Increase (Male)** | **Annual Increase (Female)** |
| 65-68 | 2.2% | 2.3% |
| 69 | 2.8% | 2.2% |
| 70 | 2.7% | 1.6% |
| 71 | 3.1% | 0.5% |
| 72 | 2.3% | 0.7% |
| 73 | 1.2% | 0.8% |
| 74 | 0.9% | 1.5% |
| 75-85 | 0.9% | 1.3% |
| 86 and Older | 0.0% | 0.0% |

| Sample Age | MAPD PPO #1 with Medicare Part A | | MAPD PPO #2 with Medicare Part A | | MAPD HMO (Kaiser) with Medicare Part A | |
|---|---|---|---|---|---|---|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | $1,710 | $1,420 | $585 | $486 | $1,897 | $1,575 |
| 70 | $1,921 | $1,589 | $657 | $544 | $2,130 | $1,763 |
| 75 | $2,122 | $1,670 | $726 | $571 | $2,353 | $1,853 |

| Sample Age | MAPD PPO #1 without Medicare Part A | | MAPD PPO #2 without Medicare Part A | | MAPD HMO (Kaiser) without Medicare Part A | |
|---|---|---|---|---|---|---|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | $6,536 | $5,429 | $4,241 | $3,523 | $7,063 | $5,866 |
| 70 | $7,341 | $6,073 | $4,764 | $3,941 | $7,933 | $6,563 |
| 75 | $8,110 | $6,385 | $5,262 | $4,143 | $8,763 | $6,900 |

The 2024 Medicare Part A premium is $505 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

| Year | PERACare Medicare Plans* | MAPD PPO #21 | Medicare Part A Premiums |
|---|---|---|---|
| 2024 | 16.00% | 105.00% | 3.50% |
| 2025 | 6.75% | 8.55% | 3.75% |
| 2026 | 6.50% | 8.10% | 3.75% |
| 2027 | 6.25% | 7.65% | 4.00% |
| 2028 | 6.00% | 7.20% | 4.00% |
| 2029 | 5.75% | 6.75% | 4.25% |
| 2030 | 5.50% | 6.30% | 4.25% |
| 2031 | 5.25% | 5.85% | 4.25% |
| 2032 | 5.00% | 5.40% | 4.25% |
| 2033 | 4.75% | 4.95% | 4.50% |
| 2034+ | 4.50% | 4.50% | 4.50% |

*Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|---|---|---|
| Members | PubG-2010 Employee | N/A |

| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
|---|---|---|
| Members | PubG-2010 Healthy Retiree | Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older<br><br>Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older |

| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
|---|---|---|
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages<br>Females: 105% of the rates for all ages |

| Disabled | Mortality Table | Adjustments, as Applicable |
|---|---|---|
| Members | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

- Salary increases, including wage inflation for Members other than Safety Officer: 3.40%-13.00%

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

| Plan | With Medicare Part A | Without Medicare Part A |
|---|---|---|
| MAPD PPO #1 | $1,824 | $6,972 |
| MAPD PPO #2 | $624 | $4,524 |
| MAPD HMO (Kaiser) | $2,040 | $7,596 |

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

| **Pre-Retirement** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubG-2010 Employee | N/A |

| **Post-Retirement (Retiree), Non-Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubG-2010 Healthy Retiree | Males: 90% of the rates for all ages<br>Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older |

| **Post-Retirement (Beneficiary), Non-Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 92% of the rates for all ages<br>Females: 100% of the rates for all ages |

| **Disabled** | **Mortality Table** | **Adjustments, as Applicable** |
|---|---|---|
| Members | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 51.00% | 5.00% |
| Fixed Income | 23.00% | 2.60% |
| Private Equity | 10.00% | 7.60% |
| Real Estate | 10.00% | 4.10% |
| Alternatives | 6.00% | 5.20% |
| Total | 100.00% | |

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

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate* | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial MAPD PPO#2 trend rate* | 7.55% | 8.55% | 9.55% |
| Ultimate MAPD PPO#2 trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate* | 2.75% | 3.75% | 4.75% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | $ 282,005 | $ 230,160 | $ 185,412 |

* For the January 1, 2025, plan year.

**Discount Rate**

The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

**Sensitivity of the Authority's Proportionate Share of the Net OPEB liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-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 OPEB liability | $ 282,065 | $ 230,160 | $ 185,412 |

**OPEB Plan Fiduciary Net Position**

Detailed information about the HCTF's FNP is available PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

## Note 15 - Commitments and Contingencies

The Authority regularly enters into contracts for design and development for both current and new projects and general recurring contracts for the operation and maintenance of its properties. At December 31, 2025, the Authority has entered into contracts totaling approximately $5,257,000 with various vendors.

The Authority has entered into lease agreements with Boulder County and Longmont Downtown Development Authority. The lease agreement with Boulder County requires an upfront lease payment of $3,682,807, plus monthly payments of $1 per parking space leased for 99 years. Boulder County is also responsible for its share of the common area maintenance. The Authority previously received $3,682,807 from Boulder County, which was initially recorded as unearned revenue. The Authority is recognizing the $3,682,807 in income over the 99-year term of the lease, beginning in 2022. During 2025, the Authority recognized lease revenue of $37,200 on this lease.

The lease agreement with Longmont Downtown Development Authority required an upfront lease payment of $1,887,940, plus monthly payments of $1 per parking space leased for 99 years. Longmont Downtown Development Authority is also responsible for its share of the common area maintenance. The Authority previously received $1,887,940 from Longmont Downtown Development Authority, which was initially recorded as unearned revenue. The Authority is recognizing the $1,887,940 in income over the 99-year term of the lease, beginning in 2022. During 2025, the Authority recognized lease revenue of $19,070 on this lease.

Future lease payments to be received on these leases for the year ending December 31, 2025 are as follows:

| | Boulder County | | | Longmont Downtown Development Authority | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2026 | $ 71 | $ 1,105 | $ 1,176 | $ 51 | $ 789 | $ 840 |
| 2027 | 73 | 1,103 | 1,176 | 52 | 788 | 840 |
| 2028 | 75 | 1,101 | 1,176 | 54 | 786 | 840 |
| 2029 | 78 | 1,098 | 1,176 | 55 | 785 | 840 |
| 2030 | 80 | 1,096 | 1,176 | 57 | 783 | 840 |
| Thereafter | 36,459 | 69,381 | 105,840 | 26,042 | 49,558 | 75,600 |
| Total | $ 36,836 | $ 74,884 | $ 111,720 | $ 26,311 | $ 53,489 | $ 79,800 |

## Note 16 - Related Party Transactions

**Developer Fees**

*Kestrel*

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 have been earned and capitalized as a cost of capital assets. The remaining developer fees are expected to be paid from net cash flow. The fee is to be paid in full by the thirteenth year. Kestrel paid developer fees of $389,356 to the Authority in 2025. As of December 31, 2025, Kestrel owed the Authority $301,755 for developer fees.

The unpaid developer fees are to bear interest at a rate of 5%, compounding annually, commencing at the time of the fourth capital contribution. During 2025, Kestrel incurred interest of $25,792 on the unpaid developer fees. As of December 31, 2025, Kestrel owes the Authority $25,792 for accrued interest on developer fees.

*Coffman Place*

Coffman Place 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 residential building owned by Coffman Place. Total developer fees of $2,947,288 have been earned and capitalized as a cost of capital assets. During 2025, Coffman Place paid developer fees of $0 to the Authority. As of December 31, 2025, Coffman Place owed the Authority $1,615,325 for developer fees. The unpaid developer fees are to be paid from available cash flow and bear interest at a rate of 7%, compounding annually, commencing at the time of the fifth capital contribution. Any amount unpaid shall be paid no later than December 31, 2036. During 2025, Coffman Place incurred interest of $113,073 on the deferred developer fee. As of December 31, 2025, Coffman Place owes the Authority $166,772 for accrued interest on the deferred developer fee.

*Willoughby Corner Senior*

Willoughby Corner Senior 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 residential building owned by Willoughby Corner Senior. Total developer fees of $2,236,024 have been earned and capitalized as a cost of capital assets. During 2025, Willoughby Corner Senior paid developer fees of $25,200 to the Authority. As of December 31, 2025, Willoughby Corner Senior owed the Authority $2,210,824 for developer fees, which are expected to be paid from capital contributions and available cash flow. Any remaining developer fees after all contributions from the investor limited partner have been received will be deferred, bear no interest, and be paid from available cash flow. The developer fee is due no later than December 31, 2040.

*Willoughby Corner Multifamily*

Willoughby Corner Multifamily 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 residential building owned by Willoughby Corner Multifamily. Willoughby Corner Multifamily incurred developer fees of $5,610,562 to the Authority, which have been capitalized as a cost of capital assets. During 2025, Willoughby Corner Multifamily paid developer fees of $163,200 to the Authority. As of December 31, 2025, Willoughby Corner Multifamily owed the Authority $4,939,063 for developer fees, which are expected to be paid from capital contributions and available cash flow. Any remaining developer fees are due no later than 15 years from the second capital contribution.

**Mortgage Notes and Accrued Interest**

*Aspinwall*

Aspinwall has entered into multiple loan agreements with the Authority – see Note 8. During 2025, Aspinwall incurred interest expense of $426,314 in relation to these mortgage notes payable. During 2025, Aspinwall made payments on accrued interest of $0 to the Authority from surplus cash. As of December 31, 2025, Aspinwall owes the Authority $4,062,525 for accrued interest.

*Kestrel*

Kestrel has entered into multiple loan agreements with the Authority – see Note 8. During 2025, Kestrel incurred interest of $328,565 to the Authority on these mortgage notes payable. As of December 31, 2025, Kestrel owes the Authority $2,748,880 for accrued interest.

*Tungsten Village*

Tungsten Village has entered into multiple loan agreements with the Authority – see Note 8. During 2025, Tungsten Village incurred interest of $48,704 on these mortgage notes payable. As of December 31, 2025, Tungsten Village owes the Authority $257,537 for accrued interest.

*Coffman Place*

Coffman Place has entered into two loan agreements with the Authority – see Note 8. During 2025, Coffman Place incurred interest of $151,348 on the mortgage notes payable. As of December 31, 2025, Coffman Place owes the Authority $640,338 for accrued interest.

*Willoughby Corner Senior*

Willoughby Corner Senior has entered into multiple loan agreements with the Authority – see Note 8. During 2025, Willoughby Corner Senior incurred interest of $381,588 on these mortgage notes payable. As of December 31, 2025, Willoughby Corner Senior owes the Authority $804,862 for accrued interest.

*Willoughby Corner Multifamily*

Willoughby Corner Multifamily has entered into multiple loan agreements with the Authority – see Note 8. During 2025, Willoughby Corner Multifamily incurred interest of $742,278 on these mortgage notes payable. As of December 31, 2025, Willoughby Corner Multifamily owes the Authority $1,537,069 for accrued interest.

**Due from Related Party**

*Aspinwall*

As of December 31, 2025, Aspinwall owed the Authority $83,305 for costs paid on behalf of the project by the Authority, including construction costs, accrued wages and benefits.

*Kestrel*

As of December 31, 2025, Kestrel owed the Authority $107,808 for costs paid on behalf of the project by the Authority, including construction costs, accrued wages and benefits.

*Tungsten Village*

As of December 31, 2025, Tungsten Village owed the Authority $12,488 for costs paid on behalf of the project by the Authority.

*Coffman Place*

As of December 31, 2025, Coffman Place owed the Authority $56,195 for various costs paid on behalf of the project by the Authority.

*Willoughby Corner Senior*

As of December 31, 2025, Willoughby Corner Senior owed the Authority $13,748 for various costs paid on behalf of the project by the Authority.

*Willoughby Corner Multifamily*

As of December 31, 2025, Willoughby Corner Multifamily owed the Authority $401,133 for various costs during construction paid on behalf of the project by the Authority.

**Management Fees**

*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 2025, 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 gross collected rents. During 2025, Kestrel incurred management fees of $176,004 to the Authority.

*Tungsten Village*

Tungsten Village 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, Tungsten Village is to pay management fees equal to $10,000 annually. During 2025, Tungsten Village incurred management fees of $10,000 to the Authority.

*Coffman Place*

Coffman Place 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, Coffman Place is to pay management fees equal to 4.5% of total gross income. During 2025, Coffman Place incurred management fees of $59,654 to the Authority.

*Willoughby Corner Senior*

Willoughby Corner Senior 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, Willoughby Corner Senior is to pay management fees equal to 4.5% of total gross income. During 2025, Willoughby Corner Senior incurred management fees of $45,322 to the Authority. As of December 31, 2025, Willoughby Corner Senior owes the Authority $4,148 for management fees.

In addition to the management fee, Willoughby Corner Senior is to pay a subordinate management fee equal to 1.5% of gross income to the Authority. The subordinate management fee shall be payable from available cash flow. During the year ended December 31, 2025. Willoughby Corner Senior incurred subordinate management fees of $15,107 to the Authority. As of December 31, 2025, Willoughby Corner Senior owes the Authority $15,554 for subordinate management fees.

*Willoughby Corner Multifamily*

Willoughby Corner Multifamily 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, Willoughby Corner Multifamily is to pay management fees equal to 4.5% of total gross income. During 2025, Willoughby Corner Multifamily incurred management fees of $72,292 to the Authority. As of December 31, 2025, Willoughby Corner Multifamily owes the Authority $9,024 for management fees.

In addition to the management fee, Willoughby Corner Multifamily is to pay a subordinate management fee equal the excess of management fees, up to 6% of gross income, to the Authority. The subordinate management fee shall be payable from available cash flow. During the year ended December 31, 2025. Willoughby Corner Multifamily incurred subordinate management fees of $24,097 to the Authority. As of December 31, 2025, Willoughby Corner Multifamily owes the Authority $24,523 for subordinate management fees.

**Reimbursement of Expenses**

*Aspinwall*

During 2025, Aspinwall reimbursed the Authority approximately $1,666,200 for payroll and other expenses.

*Kestrel*

During 2025, Kestrel reimbursed the Authority approximately $1,076,100 for payroll, reimbursement of construction costs, and other operating expenses.

*Tungsten Village*

During 2025, Tungsten Village reimbursed the Authority approximately $352,100 for payroll and other expenses.

*Coffman Place*

During 2025, Coffman reimbursed the Authority approximately $195,000 for payroll and other expenses.

*Willoughby Corner Senior*

During 2025, Willoughby Corner Senior reimbursed the Authority approximately $260,200 for payroll and other expenses.

*Willoughby Corner Multifamily*

During 2025, Willoughby Corner Multifamily reimbursed the Authority approximately $100,700 for payroll and other expenses.

**Company Administration Fee**

*Tungsten Village*

Pursuant to the operating agreement, Tungsten Village is to pay the Authority a cumulative fee equal to $11,375 annually. The fee is for services provided in the administration of the Tungsten Village project and shall be payable from cash flow. The fee is to increase by 3% annually. During 2025, Tungsten Village incurred $13,187 to the Authority for company administration fees. As of December 31, 2025, Tungsten Village owed the Authority $66,942 for accrued company administration fees.

*Coffman Place*

Pursuant to the operating agreement, Coffman Place is to pay the Authority a cumulative fee equal to $32,162 annually, commencing on the later of the year 2022 or the first calendar year the Company receives rental income. The fee is for services provided in the administration of the Coffman Place project and shall be payable from cash flow. The fee is to increase by 3% annually. During 2025, Coffman Place incurred $35,144 to the Authority for company administration fees. As of December 31, 2025, Coffman Place owed the Authority $123,833 for accrued company administration fees.

**Operating Deficit Guaranty**

*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.

*Tungsten Village*

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 $234,000, shall bear no interest, and shall be repayable solely from net cash flow as allowed in the operating agreement.

*Coffman Place*

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 $665,000, shall bear no interest, and shall be repayable solely from net cash flow as allowed in the operating agreement.

*Willoughby Corner Senior*

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 $411,338, shall bear no interest, and shall be repayable solely from net cash flow as allowed in the operating agreement.

*Willoughby Corner Multifamily*

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 $913,318, shall bear no interest, and shall be repayable solely from net cash flow as allowed in the operating agreement.

**Housing Assistance Payments**

Coffman Place has entered into a Project Based Voucher Program contract with the Authority. Under this agreement, Coffman Place is to receive housing assistance payments based from the Authority in relation to tenant rent, as calculated as part of the tenant recertification process. During 2025, Coffman Place received $581,259 in assistance from the Authority under the contract.

**Due from/to Boulder County**

At December 31, 2025, Boulder County owed the Authority $515,296 for sustainability projects, operating expenses and housing assistance.

At December 31, 2025, the Authority owed Boulder County $3,566,780 for payroll and other operating expenses paid by the County.

**Transfers to/from Primary Government**

During 2025, the Authority received transfers of $7,991,688 from Boulder County consisting of $2,324,266 for the Housing Stabilization Program; $2,818,422 for operating subsidy; $400,000 to support low-income energy services; $1,084,000 to support the construction of Willoughby Corner; $1,000,000 to support rehab at Casa Esperanza; $300,000 for rehab at Seward Mobile Home Park; and $65,000 to upgrade equipment to meet federal energy standards.

**Coffman Parking Garage**

The Authority has entered into a lease agreement with Boulder County to provide parking spaces in the Coffman Parking Garage – Note 15. In connection with this lease agreement, Boulder County made an upfront lease payment of $3,682,807 in a previous year, which had been recorded as unearned revenue. During 2025, the Authority recognized lease revenue of $37,200 on this lease. At December 31, 2025, unearned revenue on this lease totaled $3,534,007.

**Office Space**

During 2025, the Authority incurred $126,422 to Boulder County for the use of office space.

## Note 17 - Condensed Component Unit Information

Condensed component unit information for Josephine Commons, LLC and MFPH Acquisitions LLC, the Authority's blended component units, for the year ended December 31, 2025, is as follows:

**Condensed Statement of Net Position**

| | MFPH Acquisitions LLC | Josephine Commons, LLC | Total |
|---|---|---|---|
| Assets | | | |
| Current Assets | $ 269,298 | $ 994,042 | $ 1,263,340 |
| Notes Receivable | 3,020,000 | - | 3,020,000 |
| Accrued Interest | 1,110,478 | - | 1,110,478 |
| Capital Assets | 981,285 | 11,279,173 | 12,260,458 |
| Total Assets | $ 5,381,061 | $ 12,273,215 | $ 17,654,276 |
| Liabilities | | | |
| Current Liabilities | $ 28,956 | $ 114,172 | $ 143,128 |
| Due to Authority | - | 39,834 | 39,834 |
| Noncurrent Liabilities | - | 2,459,394 | 2,459,394 |
| Total Liabilities | 28,956 | 2,613,400 | 2,642,356 |
| Net Position | 5,352,105 | 9,659,815 | 15,011,920 |
| Total Liabilities and Net Position | $ 5,381,061 | $ 12,273,215 | $ 17,654,276 |

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

| | MFPH Acquisitions LLC | Josephine Commons, LLC | Total |
|---|---|---|---|
| Operating Revenues | | | |
| Tenant rent | $ 350,120 | $ 1,253,789 | $ 1,603,909 |
| Other | 11,499 | 10,223 | 21,722 |
| Total Operating Revenues | 361,619 | 1,264,012 | 1,625,631 |
| Operating Expenses | | | |
| Administrative salaries and benefits | 49,428 | 134,603 | 184,031 |
| Maintenance salaries and benefits | 85,302 | 232,320 | 317,622 |
| Regular and extraordinary maintenance | 85,677 | 200,764 | 286,441 |
| Other administrative | 23,161 | 175,211 | 198,372 |
| Depreciation and amortization | 86,979 | 449,061 | 536,040 |
| Utilities | 38,534 | 97,542 | 136,076 |
| Insurance | 22,493 | 62,053 | 84,546 |
| Other | 119 | 42,564 | 42,683 |
| Total Operating Expenses | 391,693 | 1,394,118 | 1,785,811 |
| Operating Loss | (30,074) | (130,106) | (160,180) |
| Nonoperating Income (Expense) | | | |
| Interest income | 114,543 | 420 | 114,963 |
| Interest expense | - | (502,010) | (502,010) |
| Gain on disposal of capital assets | 1,161,694 | - | 1,161,694 |
| Total Nonoperating Income (Expense) | 1,276,237 | (501,590) | 774,647 |
| Income before Transfers | 1,246,163 | (631,696) | 614,467 |
| Transfers | (1,348,542) | 3,849,178 | 2,500,636 |
| Change in net position | (102,379) | 3,217,482 | 3,115,103 |
| Net Position, Beginning of year, as Previously Reported | 5,454,484 | - | 5,454,484 |
| Change in Reporting Entity | - | 6,442,333 | 6,442,333 |
| Net Position, Beginning of year, as Restated | 5,454,484 | 6,442,333 | 11,896,817 |
| Net Position, End of year | $ 5,352,105 | $ 9,659,815 | $ 15,011,920 |

**Condensed Statement of Cash Flows**

| | MFPH Acquisitions LLC | Josephine Commons, LLC | Total |
|---|---|---|---|
| Net Cash from (used for) Operating Activities | $ (2,858) | $ 1,357,175 | $ 1,354,317 |
| Net Cash used for Noncapital Financing Activities | - | 3,849,178 | 3,849,178 |
| Net Cash from (used for) Capital and Related Financing Activities | - | (5,590,613) | (5,590,613) |
| Net Cash from Investing Activities | 2,750 | 420 | 3,170 |
| Net Change in Cash and Cash Equivalents | (108) | (383,840) | (383,948) |
| Cash and Cash Equivalents, Beginning of Year, as Previously Reported | 232,688 | - | 232,688 |
| Change in Reporting Entity | - | 1,310,038 | 1,310,038 |
| Cash and Cash Equivalents, Beginning of Year, as Restated | 232,688 | 1,310,038 | 1,542,726 |
| Cash and Cash Equivalents, End of Year | $ 232,580 | $ 926,198 | $ 1,158,778 |

## Note 18 - Restatements

The Authority and its discretely presented component units had the following restatements to their respective net position balances as of December 31, 2024:

| | December 31, 2024, As Previously Reported | Change to or Within the Financial Reporting Entity | Correction of Error | December 31, 2024, As Restated |
|---|---|---|---|---|
| Primary Government | $ 128,648,238 | $ 5,671,279 | $ (4,497,265) | $ 129,822,252 |
| Discretely Presented Component Units | 43,739,732 | (6,442,333) | - | 37,297,399 |

*Change To or Within the Financial Reporting Entity – Josephine Commons, LLC*

During 2025, the Authority increased its ownership in Josephine Commons, LLC by purchasing the investor member's share and special member's share of Josephine Commons, LLC, thereby gaining control of the entity. In connection therewith, the Authority assumed the existing assets and liabilities of Josephine Commons, LLC. Net position for the primary government as of January 1, 2025, has been increased by $5,671,279, and net position for the discretely presented component units as of January 1, 2025, has been decreased by $6,442,333, for the change in reporting entity. The difference in the Change to or Within the Financial Reporting Entity of $771,054 between the primary government and the discretely presented component units, results from cash paid of $685,000 to the investor member and special member for their equity interests in Josephine Commons, LLC, plus the Authority's equity method investment balance of $86,054 in Josephine Commons, LLC as of January 1, 2025.

*Correction of Error – City of Lafayette Funds*

In 2023, the Authority received ARPA/CSLFRF funds totaling $5,338,000 from the City of Lafayette. These funds were in the form of a loan which is forgivable in installments through August 1, 2033, if the Authority met the criteria for forgiveness in a given year, but were initially recorded fully as grant income in 2023. Beginning net position for the primary government has been restated with a decrease of $4,497,265 to correct this overstatement of net position and understatement of liabilities.

If these funds had been properly recorded in the prior year, the change in net position would have increased by $840,735.

## Note 19 - Subsequent Events

Subsequent to year-end, the Authority acquired the investor member's and special member's equity interests in Aspinwall, LLC for a purchase price of $1,157,426, thereby gaining control of the entity. Aspinwall, LLC is reported as a discretely presented component unit as of December 31, 2025. In future years, Aspinwall, LLC is expected to be reported as a blended component unit of the Authority.

Required Supplementary Information
December 31, 2025

# Boulder County Housing Authority

Last 10 Fiscal Years*

| | Measurement date as of December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Authority's proportion of the net pension liability | 0.6126284636% | 0.5959976350% | 0.5026442229% | 0.4256582908% | 0.4378633760% | 0.4095742151% | 0.4643868621% | 0.4694183739% | 0.5021573565% | 0.5303999056% |
| Authority's proportionate share of the net pension liability (asset) | $ 3,759,076 | $ 4,374,867 | $ 5,039,325 | $ (364,947) | $ 2,281,824 | $ 2,995,589 | $ 5,838,332 | $ 5,226,645 | $ 6,780,837 | $ 5,842,785 |
| Authority's covered payroll | $ 6,415,729 | $ 5,645,415 | $ 3,866,301 | $ 3,201,575 | $ 2,949,207 | $ 2,812,786 | $ 3,043,125 | $ 3,034,944 | $ 3,193,175 | $ 2,778,550 |
| Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 58.59% | 77.49% | 130.34% | -11.40% | 77.37% | 106.50% | 191.85% | 172.22% | 212.35% | 210.28% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.45% | 88.03% | 82.99% | 101.49% | 90.88% | 86.26% | 75.96% | 79.37% | 73.65% | 76.87% |

Last 10 Fiscal Years*

| | Fiscal year-end as of December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Contractually required contribution | $ 903,584 | $ 814,720 | $ 724,553 | $ 557,196 | $ 420,114 | $ 400,591 | $ 356,662 | $ 385,868 | $ 409,439 | $ 405,002 |
| Contributions in relation to the contractually required contribution | (903,584) | (814,720) | (724,553) | (557,196) | (420,114) | (400,591) | (356,662) | (385,868) | (409,439) | (405,002) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Authority's covered payroll | $ 7,735,025 | $ 6,415,729 | $ 5,645,415 | $ 3,866,301 | $ 3,201,575 | $ 2,949,207 | $ 2,812,786 | $ 3,043,125 | $ 3,034,944 | $ 3,193,175 |
| Contributions as a percentage of covered payroll | 11.68% | 12.70% | 12.83% | 14.41% | 13.12% | 13.58% | 12.68% | 12.68% | 13.49% | 12.68% |

Last 10 Fiscal Years*

| | Measurement date as of December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Authority's proportion of the net OPEB liability | 0.0481338110% | 0.0469383209% | 0.0402272441% | 0.0328927700% | 0.03335104840% | 0.0313521021% | 0.0359809546% | 0.0364759926% |
| Authority's proportionate share of the net OPEB liability | $ 230,160 | $ 335,011 | $ 328,447 | $ 283,636 | $ 316,910 | $ 352,397 | $ 489,536 | $ 474,042 |
| Authority's covered payroll | $ 6,415,729 | $ 5,645,415 | $ 3,866,301 | $ 3,201,575 | $ 2,949,207 | $ 2,812,786 | $ 3,043,125 | $ 3,034,944 |
| Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll | 3.59% | 5.93% | 8.50% | 8.86% | 10.75% | 12.53% | 16.09% | 15.62% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 59.83% | 46.16% | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 17.53% |

* Fiscal year 2018 was the first year of implementation, therefore only eight years are shown

# Boulder County Housing Authority

## Schedule of the Authority’s OPEB Contributions

## Colorado Public Employees’ Retirement Association – Healthcare Trust Fund

## December 31, 2025

Last 10 Fiscal Years*

| | Fiscal year-end as of December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Contractually required contribution | $ 70,077 | $ 59,991 | $ 53,524 | $ 42,052 | $ 32,382 | $ 31,568 | $ 28,690 | $ 31,040 |
| Contributions in relation to the contractually required contribution | (70,077) | (59,991) | (53,524) | (42,052) | (32,382) | (31,568) | (28,690) | (31,040) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Authority's covered payroll | $ 7,735,025 | $ 6,415,729 | $ 5,645,415 | $ 3,866,301 | $ 3,201,575 | $ 2,949,207 | $ 2,812,786 | $ 3,043,125 |
| Contributions as a percentage of covered payroll | 0.91% | 0.94% | 0.95% | 1.09% | 1.01% | 1.07% | 1.02% | 1.02% |

* Fiscal year 2018 was the first year of implementation, therefore only eight years are shown

*2024 Changes in Plan Provisions Since 2023*

As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

*2024 Changes of Assumptions or Other Inputs Since 2023*

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Supplementary Information
December 31, 2025

# Boulder County Housing Authority

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Financial Assistance Listing | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| U.S. Department of Agriculture (USDA) | | | |
| *Direct Programs* | | | |
| Rural Rental Assistance Payments - Casa Experanza (Section 514) | 10.427 | | $ 5,945 |
| Rural Rental Assistance Payments - Prime Haven (Section 515) | 10.427 | | 51,143 |
| Rural Rental Assistance Payments - Walter Self (Section 515) | 10.427 | | 108,478 |
| | | | 165,566 |
| Farm Labor Housing Loan and Grants | 10.405 | | 90,037 |
| Rural Rental Housing Loans | 10.415 | | 1,119,130 |
| Total U.S. Department of Agriculture (USDA) | | | 1,374,733 |
| U.S. Department of Treasury | | | |
| *Passed Through Boulder County* | | | |
| Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act) | | | |
| Casa Esperanza | 21.027 | Subgrantee | 1,194,710 |
| Willoughby Corner | 21.027 | Subgrantee | 429,417 |
| Willoughby Corner | 21.027 | Subgrantee | 400,000 |
| Purchase of Seward | 21.027 | Subgrantee | 1,670,970 |
| Total U.S. Department of Treasury | | | 3,695,097 |
| U.S. Department of Housing and Urban Development | | | |
| *Direct Programs* | | | |
| Moving to Work Demonstration Program | 14.881 | | 13,634,567 |
| Housing Choice Voucher Cluster | | | |
| Housing Choice Vouchers | 14.871 | | 3,828,701 |
| Emergency Housing Vouchers | 14.871 (EHV) | | 604,470 |
| | | | 4,433,171 |
| Mainstream Vouchers | 14.879 | | 598,725 |
| Total Housing Choice Voucher Cluster | | | 5,031,896 |
| Family Self-Sufficiency Coordinator | 14.896 | | 276,816 |
| Continuum of Care Program | 14.267 | | 850,270 |
| *Passed Through Colorado Housing and Finance Authority* | | | |
| Section 8 Project-Based Cluster | | | |
| Section 8 Housing Assistance Payments | 14.195 | CO0990036010 / CO99R000007 | 180,077 |
| *Passed Through Colorado Coalition for the Homeless* | | | |
| ESG - Emergency Solutions Grant Cluster | | | |
| Homelessness Prevention and Rapid Re-Housing | 14.231 | Subgrantee | 84,425 |
| Total U.S. Department of Housing and Urban Development | | | 20,058,051 |
| Total Federal Financial Assistance | | | $ 25,127,881 |

**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, 2025. 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 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. 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. No federal financial assistance has been provided to a subrecipient.

**Note C – Indirect Cost Rate**

The Authority has not elected to use the 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, Assistance Listing 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, 2025 is $65,520.

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

The balances and transactions related to the Rural Rental Housing Loan Program, Assistance Listing 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, 2025 is $1,102,593.

**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 (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of Boulder County Housing Authority (the Authority), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 12, 2026. 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.

**Report on Internal Control over Financial Reporting**

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

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



eidebailly.com
4585 Coleman St., Ste. 200 • P.O. Box 1914 • Bismarck, ND 58502-1914 • T 701.255.1091 • F 701.224.1582 • EOE

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**The Authority's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

Eide Bailly LLP

Bismarck, North Dakota
June 12, 2026

**Independent Auditor's Report on Compliance for the 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**

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

We have audited Boulder County Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2025. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2025.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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


eidebailly.com
4585 Coleman St., Ste. 200 • P.O. Box 1914 • Bismarck, ND 58502-1914 • T 701.255.1091 • F 701.224.1582 • EOE

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

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

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

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

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

Eide Bailly LLP

Bismarck, North Dakota
June 12, 2026

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

**FINANCIAL STATEMENTS**

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting | |
| Material weaknesses identified | Yes |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Noncompliance material to financial statements noted? | No |

**FEDERAL AWARDS**

| | |
|---|---|
| Internal control over major program | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | 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 (a): | No |

**Identification of Major Programs:**

| Name of Federal Program | Federal Financial Assistance Listing |
|---|---|
| Moving to Work Demonstration Program | 14.881 |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs | $ 1,079,287 |
| Auditee qualified as low-risk auditee? | Yes |

**Section II – Financial Statement Findings**

**Finding 2025-001** **Restatement, Preparation of the Schedule of Expenditures of Federal Awards (SEFA), and Proposed Audit Adjustments**

**Material Weakness**

*Criteria* – A properly designed system of internal control includes processes to ensure the timely identification, evaluation, and recording of all transactions, including those related to complex agreements such as grant arrangements, and the accurate preparation of financial statements in conformity with generally accepted accounting principles. Additionally, controls should ensure that errors impacting prior periods are identified and appropriately evaluated for restatement. A properly designed internal control system includes formal procedures to ensure accurate and complete preparation of the Schedule of Expenditures of Federal Awards (SEFA), including awards received both directly and indirectly through other governmental entities.

*Condition* – During 2025, management discovered that the accounting for a City of Lafayette grant agreement was not recorded correctly, which resulted in a restatement to beginning net position for the current year financial statements. Also, a correction was needed to report the Moving to Work Demonstration Program (MTW program) under the appropriate federal assistance listing number and program name on the SEFA. In addition, we proposed audit adjustments after management provided the trial balance and supporting schedules to the audit team.

*Cause* – The conflicting terminology in the City of Lafayette agreement contributed to uncertainty regarding the appropriate accounting treatment, and the prior-year treatment was not revisited until management elevated the issue prior to the 2025 audit fieldwork. The Authority's SEFA review process did not identify the appropriate federal financial assistance listing number for the MTW program prior to submission of the SEFA for audit. In addition, certain year-end financial reporting controls did not identify all necessary audit adjustments before the trial balance and supporting schedules were provided for audit.

*Effect* – The City of Lafayette item resulted in a restatement to correct the accounting treatment of the agreement. The SEFA required a correction to report the MTW program under the appropriate federal financial assistance listing number. Total federal award expenditures were not omitted or understated, and no questioned costs were identified as a result of the SEFA classification correction. The current year financial statements were misstated prior to the audit adjustments. These matters increased the risk that classification or accounting treatment issues related to complex agreements or federal program reporting may not be identified timely.

*Recommendation* – The Authority should continue strengthening procedures for evaluating complex agreements, including agreements with conflicting or ambiguous terminology, and document the basis for accounting conclusions before the financial statements are submitted for audit. The Authority should also enhance its SEFA review process to confirm that federal programs are reported under the appropriate federal financial assistance listing number and program name, including a review of MTW status, VMS reporting, and related audit testing implications. In addition, the Authority should continue improving year-end close procedures, including supervisory review of accruals, reconciliations, and proposed adjustments before the trial balance and supporting schedules are provided for audit.

*Views of Responsible Officials* – The Authority acknowledges the material weakness finding and the need to strengthen controls over the evaluation of complex agreements, SEFA classification, and year-end financial reporting review. The Authority notes that management discovered that the accounting for the City of Lafayette grant agreement was not recorded correctly prior to 2025 audit fieldwork and elevated the matter for further review. The Authority also notes that the agreement documentation contained conflicting terminology, including references to both "grant" and "loan," which contributed to uncertainty regarding the appropriate accounting treatment. With respect to the SEFA, the Authority notes that MTW program expenditures were included on the SEFA and total federal award expenditures did not change. The correction related to the appropriate federal financial assistance listing number and program name, and related audit testing requirements, rather than omitted or understated federal expenditures. No questioned costs were identified as a result of the SEFA classification correction. The Authority has implemented corrective actions to improve documentation, supervisory review, SEFA classification procedures, and timely evaluation of complex agreements and year-end adjustments going forward.

## Section III – Federal Award Findings and Questioned Costs

**None**