



Financial Statements
December 31, 2014

Boulder County Housing Authority

Boulder County Housing Authority

Table of Contents
December 31, 2014

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements	
Balance Sheet	16
Statement of Revenues, Expenses and Changes in Net Position.....	18
Statement of Cash Flows	19
Combining Balance Sheet – Discretely Presented Component Units	21
Combining Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units.....	23
Combining Statement of Cash Flows – Discretely Presented Component Units.....	24
Notes to Financial Statements	26
Supplementary Information	
Combining Balance Sheet	51
Combining Statement of Revenues, Expenses and Changes in Net Position.....	53
Schedule of Federal Expenditures	55
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 <i>Government Auditing Standards</i>	57
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133	59
Schedule of Prior Findings and Questioned Costs.....	61
Schedule of Findings and Questioned Costs.....	62



Independent Auditor's Report

The Board of Commissioners
Boulder County Housing Authority
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Boulder County Housing Authority (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

www.eidebailly.com

1730 Burnt Boat Loop, Ste. 100 | P.O. Box 1914 | Bismarck, ND 58502-1914 | T 701.255.1091 | F 701.224.1582 | EOE

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Boulder County Housing Authority as of December 31, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder County Housing Authority basic financial statements. The accompanying supplementary schedules on pages 51 through 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is not a required part of the financial statements.

The supplementary schedules on pages 51 through 54 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules on pages 51 through 54 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 10, 2015 on our consideration of Boulder County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Erik Sallie LLP".

Bismarck, North Dakota
July 10, 2015

Management's Discussion and Analysis

Table of Contents

1. Introduction
2. Our Organization
3. Our Mission and Purpose
4. Major Programs
5. Using this Annual Report
6. Financial Highlights
7. Overview of the Financial Statements
8. The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position
9. Financial Statements – Balance Sheets
10. Financial Statements - Summary of Revenues, Expenses and Changes in Net Position
11. Capital Asset and Long-term Liabilities
12. Statistical Data
13. Economic Factors and Budget Impacts
14. Contacting BCHA's Financial Management

1. Introduction

The Boulder County Housing Authority's (BCHA) discussion and analysis provides an overview of the housing authority's financial activities for the fiscal year ended December 31, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the notes to the financial statements. This report and monthly financial statements are posted on the Boulder County Commissioner's web site at <http://www.bouldercounty.org/gov/meetings/pages/hearings.aspx>

2. Our Organization

The Boulder County Housing Authority is a corporate body created in 1975. BCHA is committed to the residents of Boulder County to deliver innovative affordable housing solutions. In 2014, through our programs, our services provided affordable housing, safe and energy efficient housing and program support for low-income families and individuals, veterans, people with disabilities and seniors. Boulder County Housing Authority (BCHA) was created as a Colorado Housing Authority, reporting within Boulder County. Boulder County Housing Authority is a blended component unit and enterprise fund within Boulder County's Department of Housing and Human Services. BCHA administers a number of programs addressing specific housing needs for County residents. These programs, described below, serve low-income individuals and households, military veterans, homeless families and families and children involved in the child welfare system.

BCHA's major programs and service are:

PROGRAM	SERVICE
Affordable Housing	Low Income Rental Housing
Housing Choice Vouchers	Rental Assistance for Low Income Families
Family Self Sufficiency	Self-sufficiency case management for housing clients
Veterans Supportive Housing	Veterans Affairs Supportive Housing (VASH)
Tenant Based Rent Assistance	Families with school age children rental assistance
Client services	Integrated case management services
Weatherization	Home weatherization services to eligible families

BCHA is focused on creating a financially sustainable, transparent and expanded housing portfolio that continues to serve the affordable housing needs of Boulder County residents for many years. BCHA set the following guiding principles for key housing portfolio targets in 2013 which it hopes to accomplish over the next five years:

- Properties will be evaluated annually for performance in meeting BCHA's mission along with key financial targets for occupancy percentage, net operating income per property; and per unit per annum cost (PUPA);
- Properties with significant rehabilitation needs will be renovated within three to five years;
- Properties serving a strong mission purpose and not financially sustainable will be paired with financially strong properties for cross subsidy;
- Non-performing properties will be scheduled for disposition;
- BCHA's utilization of Housing Choice Vouchers (Section 8) will exceed 95% and;
- BCHA will expand housing resources by 500 units (including Josephine Commons and Aspinwall new development, Veterans Affairs Supportive Housing Vouches (VASH) and Tenant Based Rental Assistance Vouchers (TBRA).

Key performance drivers completed and reflected in our 2014 Financial Statements include:

- Construction of Aspinwall LLC, a 72-unit new construction and 95-unit rehabilitation project in Lafayette, CO;
- Lease-up of Aspinwall's new construction and rehab units;
- Stabilization of BCHA's component unit and low-income housing tax credit property Josephine Commons;
- Continue recovery efforts from the September 2013 Flood;
- Application and approval of Community Development Block Grant – Disaster Recovery Funds (CDBG-DR);
- Disposition of Casa Vista;

Results and outlook for BCHA in 2015 include:

- Convert from construction loan to permanent financing on the component unit Aspinwall, LLC.
- Continued predevelopment planning and possible construction of a 13 acre site in Louisville Colorado.
- Possible land banking for affordable housing projects.
- An increase in the Housing Rehabilitation program as a result of the 2013 Flood and grant of CDBG-DR funds.

3. Our Mission and Purpose

To foster the availability of quality affordable housing and related services for the residents of Boulder County, using broad community resources. BCHA will accomplish its mission through, community collaboration, effective services and programs, professional organization, effective management and the expansion of funding sources.

4. Major Programs

Housing Choice Voucher (HCV) Program

The HCV Program is a rent subsidy program funded by the U.S. Department of Housing and Urban Development (HUD). The program assists individuals and families with very-low income, including seniors and people with disabilities. Assistance is provided on behalf of the participants, who secure their own housing within the community, with rent payments split in portions between the Housing Authority and the household. BCHA currently administers 724 HCVs.

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

The VASH program combines HCV rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers and community-based outreach clinics. All participants are referred to BCHA by the VA. BCHA currently has an allocation of 60 VASH vouchers.

Tenant-Based Rental Assistance (TBRA) Program

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

Family Unification Program (FUP)

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

Project-Based Voucher (PBV) Program

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

Resident Services

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

Longs Peak Energy Conservation and Weatherization

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

Weatherization

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

EnergySmart+

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

Home Rehabilitation

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

5. Using this Annual Report

This annual report consists of two parts: management's discussion and analysis (this section); the basic financial statements and supplementary information. The basic financial statements include a series of financial statements. The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of BCHA as a whole. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report BCHA's operations in more detail than the government-wide statements by providing information about the most significant funds.

Since BCHA is a single-purpose governmental it is generally able to combine the government-wide and fund financial statements into single presentations. BCHA has elected to present in this format.

6. Financial Highlights

The Authority's financial highlights for the year ended December 31, 2014 is as follows:

In December of 2013 an Intergovernmental Agreement (IGA) was executed and approved by BCHA Board of Commissioners to transfer funding \$2.1M from the primary government to BCHA for specific program activities. The activities included \$1.6M for Housing Stabilization Services and \$500K for post disaster housing counseling services.

Boulder County received CDBG-DR funds for flood recovery. While these funds were granted to Boulder County, BCHA is a sub-recipient of \$2M which will be spent on rental assistance and housing rehabilitation of flood effected homes within the county. Another \$1.3M was funded through House Bill 14-1002, which is a grant from the state to fund repair of flood-impacted onsite wastewater systems.

7. Overview of the Financial Statements

The annual financial report consists of three primary parts:

- Management Discussion and Analysis
- Financial Statements
- Notes to the Financial Statements

The Authority, a blended component unit of Boulder County, Colorado, is a public purpose financial enterprise and, therefore follows enterprise fund accounting. The financial statements are produced on the accrual basis of accounting. The statements include three blended component units of which the Authority is the sole owner. MFPH Acquisitions LLC was created to hold, manage and at a future date, sell the affordable housing units. Josephine Commons Manager, LLC is wholly owned by the Authority and is the managing member of Josephine Commons, LLC, a discretely presented component unit. Aspinwall Manager, LLC is wholly owned by the Authority and is the managing member of Aspinwall, LLC, a discretely presented component unit.

Josephine Commons, LLC (Josephine Commons) is a Colorado Limited Liability Company formed in 2011 and a legally separate entity from the Boulder County Housing Authority. The majority interest of the Josephine Commons is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of Josephine Commons, its powers are limited to those specifically authorized in the Josephine Commons' Operating Agreement. Most significant transactions require approval of the investors. Accordingly, Josephine Commons is a discrete component unit within the Authority's financial reporting entity.

Aspinwall, LLC (Aspinwall) is a Colorado Limited Liability Company formed in 2012 and a legally separate entity from the Boulder County Housing Authority. The majority interest of the Corporation is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of Aspinwall, its powers are limited to those specifically authorized in the Aspinwall's Operating Agreement. Most significant transactions require approval of the investors. Accordingly, Aspinwall, is a discrete component unit within the Authority's financial reporting entity.

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

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

8. The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position

The Balance Sheet, including total assets and total liabilities and net position and the Statement of Revenues, Expenses and Changes in Net Position, report information about the entity as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report BCHA's net position and changes in them. BCHA's net position, the difference between assets and liabilities, is one way to measure financial health and financial position of the entity. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. Along with net position, the reader should consider other nonfinancial factors that contribute to the entity's overall financial health. These topics are discussed in the Economic Factors and Budget Impacts section below.

In the Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position, BCHA presents Governmental activities. All of BCHA's basic services are reported here.

9. Financial Statements – Balance Sheet

All of BCHA's services are reported in the housing authority enterprise fund. The fund is reported using accrual basis of accounting. The financial statements provide a detailed yearly view of BCHA's general operations and the services it provides.

A \$4,533,310 increase in total assets in 2014 over the prior year is due to increase in accounts receivable from Aspinwall for developer fees earned, an increase in notes receivable issued to Aspinwall, and an increase in capital assets for the purchase of the Kestrel property in Louisville from Boulder County.

Total liabilities increased by \$788,829 compared to the prior year due to a new note payable to Boulder County in the amount of \$2,581,500 that was used to finance the purchase of the Kestrel property in Louisville offset by a decrease in accounts payable and unearned revenue.

Net position increased by \$3,744,481 to \$32,817,436.

Assets	2014	2013	Change
Current Assets			
Cash and cash equivalents	\$ 8,084,952	\$ 8,146,665	\$ (61,713)
Restricted cash and cash equivalents	514,708	1,121,901	(607,193)
Accounts receivable:			
Tenants	20,907	5,551	15,356
Developer fees	1,308,772	732,338	576,434
Other	17,760	63,810	(46,050)
Due from other agencies	751,199	519,324	231,875
Due From Component Units	1,318,653	1,194,439	124,214
Due From Boulder County	77,771	336,498	(258,727)
Prepaid expenses	156,546	254,984	(98,438)
Inventory	122,408	97,899	24,509
Total Current Assets	<u>12,373,676</u>	<u>12,473,409</u>	<u>(99,733)</u>
Developer fees	<u>2,704,727</u>	<u>799,334</u>	<u>1,905,393</u>
Notes Receivable	<u>16,673,465</u>	<u>15,455,669</u>	<u>1,217,796</u>
Accrued interest	<u>1,020,635</u>	<u>727,330</u>	<u>293,305</u>
Other Assets	<u>86,400</u>	<u>86,400</u>	<u>-</u>
Capital Assets			
Non-depreciable	6,570,629	5,931,597	639,032
Depreciable, net	16,174,014	15,596,497	577,517
Total Capital Assets	<u>22,744,643</u>	<u>21,528,094</u>	<u>1,216,549</u>
Total Assets	<u><u>\$ 55,603,546</u></u>	<u><u>\$ 51,070,236</u></u>	<u><u>\$ 4,533,310</u></u>

Balance Sheet – (cont.)

Liabilities and Net Position

Current Liabilities	2014	2013	Change
Accounts payable	\$ 516,430	\$ 497,374	\$ 19,056
Accrued & other liabilities	227,571	172,636	54,935
Accrued compensated absences	9,508	15,021	(5,513)
Accrued interest payable	44,640	43,148	1,492
Unearned revenues	-	333,634	(333,634)
Due to Josephine Commons	-	777,184	(777,184)
Due to other agencies	733,365	1,165,618	(432,253)
Tenant security deposits payable	104,262	101,921	2,341
Notes, mortgages and bonds payable - current portion	549,824	583,339	(33,515)
Total Current Liabilities	<u>2,185,600</u>	<u>3,689,875</u>	<u>(1,504,275)</u>
Long-Term Liabilities			
Accrued compensated absences	175,466	163,894	11,572
Notes, mortgages and bonds payable - net of current portion	20,425,044	18,143,512	2,281,532
Total Long-Term Liabilities	<u>20,600,510</u>	<u>18,307,406</u>	<u>2,293,104</u>
Total Liabilities	<u>22,786,110</u>	<u>21,997,281</u>	<u>788,829</u>
Net Position			
Invested in capital assets	4,351,275	2,801,243	1,550,032
Restricted	-	568,679	(568,679)
Unrestricted	28,466,161	25,703,033	2,763,128
Total Net Position	<u>32,817,436</u>	<u>29,072,955</u>	<u>3,744,481</u>
Total Liabilities and Net Position	<u>\$ 55,603,546</u>	<u>\$ 51,070,236</u>	<u>\$ 4,533,310</u>

10. Financial Statements - Statement of Revenues, Expenses and Changes in Net Position

Operating revenues increased by \$2,391,190 in 2014. This increase in revenues was primarily due to an increase in developer fees earned by BCHA for the Aspinwall project.

The management fees for certain properties and administrative fee for Section 8, totaled \$108,582 and \$512,606, respectively. Total operating revenues totaled \$18,738,695 for 2014.

Administrative costs for administrative and maintenance salaries and benefits totaled \$3.1M slightly lower than the prior year. Housing Assistance Payments totaled \$6.5M. Regular and extraordinary maintenance, direct client program expenses and other administrative expenses totaled \$4.8M.

The utility expense for water, sewer, electricity, gas and trash removal, is \$313,294, averaging \$26,108 per month. Insurance expense totaled \$284,078 and is paid quarterly. Total operating expenses are \$15,991,631, approximately \$100k higher than the prior year.

In 2014, the Authority reported a loss in the financial statements for \$966,401 primarily related to the write-off of \$900K in costs incurred by BCHA related to the development of the Josephine Commons project. In 2013, the Authority recognized a gain on the sale of property and equipment in the amount of \$3,228,888 from the sale of 95 scattered-site units to Aspinwall, LLC. This resulted in a \$4.2 decrease in gain (loss) on the sale of property and equipment and unrecoverable development costs.

Transfers from the primary government totaled \$2,332,089 for 2014, which was a \$2.8M decrease from the \$5,121,000 in transfers from the primary government in 2013. In 2013, there were one-time transfers of \$2.84M at the end of 2013 related to specific projects and programing directed at funding flood related activities. As these 2013 transfers were one-time in nature the transfers in 2014 are significantly lower. The 2014 transfers were primary composed of a \$1.6M transfer of funding for the Housing Stabilization Program, \$500,000 for financial counseling, and a \$200,000 transfer for general operating support.

Net operating income is \$2,747,064, \$2.3M increase over the prior year and Change in Net Position is \$3,744,481.

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues	2014	2013	Change
HUD PHA grants	\$ 7,497,416	\$ 8,184,104	\$ (686,688)
Other grants	5,388,548	4,978,155	410,393
Rental income	1,850,517	2,109,084	(258,567)
Administration fees	512,606	461,933	50,673
Management fees	108,582	195,409	(86,827)
Developer fee income	3,214,165	186,277	3,027,888
Other	166,861	232,543	(65,682)
Total operating revenues	18,738,695	16,347,505	2,391,190
Operating Expenses			
Housing assistance payments	6,535,300	6,424,490	110,810
Administrative	2,247,992	2,875,520	(627,528)
Maintenance	3,876,422	3,469,471	406,951
Direct client expense	1,835,826	1,589,855	245,971
Depreciation	830,861	822,222	8,639
Utilities	313,294	344,281	(30,987)
Insurance	284,078	290,486	(6,408)
Other expenses	67,858	71,438	(3,580)
Total operating expenses	15,991,631	15,887,763	103,868
Operating Income	2,747,064	459,742	2,287,322
Non-Operating Revenues (Expenses)			
Interest income	566,856	276,197	290,659
Interest expense	(622,290)	(718,201)	95,911
Gain (loss) on sale of property and equipment and unrecoverable development costs	(966,401)	3,228,888	(4,195,289)
Other	(327,536)	(446,313)	118,777
Total Non-Operating Revenues (Expenses)	(1,349,371)	2,340,571	(3,689,942)
Income before transfers and HUD capital grant income	1,397,693	2,800,313	(1,402,620)
Transfers from primary government	2,332,089	5,121,000	(2,788,911)
HUD capital grant income	14,699	-	14,699
Change in Net Position	3,744,481	7,921,313	(4,176,832)
Net Position Beginning of Year	29,072,955	21,151,642	7,921,313
Net Position - End of Year	\$ 32,817,436	\$ 29,072,955	\$ 3,744,481

11. Capital Asset and Long-Term Debt Administration

Capital Assets

The Authority's capital assets (net of accumulated depreciation) total \$22,744,463 compared to \$21,528,094 in 2013. BCHA capital assets increased primarily due to the purchase of the Kestrel property in Louisville from Boulder County. The change from 2013 to 2014 includes \$830,861 in depreciation expense in 2014.

Long-Term Debt Administration

BCHA's long-term debt totals \$20,974,868 with \$15,747,238 from Bonds Payable at December 31, 2014. Overall the total long-term debt level increased by \$2,248,017 in 2014 due to a new note payable with Boulder County.

12. Statistical Data

BCHA's major programs, services and outputs in 2014 are:

PROGRAM	SERVICE	OUTPUT
Affordable Housing	Low Income Housing	611 Affordable Units
Housing Choice Vouchers	Rental Assistance for Low Income Families	724 Housing Vouchers
Family Self Sufficiency	Family Unification Vouchers for housing	50 FUP Vouchers
Veterans Supportive Housing	Veterans Affairs Supportive Housing (VASH)	60 Housing Vouchers
Tenant Based Rent Assistance	Families with school age children rental assistance	26 Families Served
Client services	Integrated case management services	1,500 families
Weatherization	Home weatherization services to eligible families	342 Homes

13. Economic Factors and Budget Impacts

Significant economic factors affecting the Authority in 2015 are as follows:

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

These factors were taken into account when developing the budget for 2015.

- Flood recovery work, new contracts, and reimbursements in association with the 2013 natural disaster.
- Financial risk associated with the conversion to permanent financing of the Aspinwall project.
- Financial and construction risk associated with the Kestrel project in Louisville, Colorado.

14. Contacting BCHA Financial Management

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

Boulder County Housing Authority
Balance Sheet
December 31, 2014

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,084,952	\$ 1,771,905
Restricted cash and cash equivalents	514,708	667,297
Accounts receivable		
Tenants	20,907	8,471
Developer fees	1,308,772	-
Other	17,760	300
Due from other agencies	751,199	-
Due from component units	1,318,653	-
Due from Boulder County	77,771	-
Prepaid expenses	156,546	-
Inventory	122,408	-
Total Current Assets	<u>12,373,676</u>	<u>2,447,973</u>
Developer Fees	<u>2,704,727</u>	<u>-</u>
Notes Receivable	<u>16,673,465</u>	<u>-</u>
Accrued Interest Receivable	<u>1,020,635</u>	<u>-</u>
Other Assets	<u>86,400</u>	<u>517,284</u>
Capital Assets		
Non-depreciable	6,570,629	3,474,465
Depreciable, net	<u>16,174,014</u>	<u>49,554,765</u>
Total Capital Assets	<u>22,744,643</u>	<u>53,029,230</u>
Total Assets	<u>\$ 55,603,546</u>	<u>\$ 55,994,487</u>

See Notes to Financial Statements

Boulder County Housing Authority
Balance Sheet
December 31, 2014

	Primary Government	Discretely Presented Component Units
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 516,430	\$ 177,522
Accrued liabilities	227,571	10,195
Accrued compensated absences	9,508	-
Accrued interest payable	44,640	16,884
Unearned revenues	-	3,896
Due to Boulder County Housing Authority	-	1,318,653
Due to Boulder County	733,365	-
Tenant security deposits payable	104,262	74,939
Developer fee payable	-	1,308,772
Construction note payable	-	19,494,464
Notes, mortgages and bonds payable - current portion	549,824	22,264
Total Current Liabilities	2,185,600	22,427,589
Long-Term Liabilities		
Accrued compensated absences	175,466	-
Developer fee payable	-	2,704,727
Accrued interest payable	-	569,215
Notes, mortgages and bonds payable - net of current portion	20,425,044	18,346,497
Total Long-Term Liabilities	20,600,510	21,620,439
Total Liabilities	22,786,110	44,048,028
Net Position		
Net investment in capital assets	1,769,775	15,188,269
Restricted	-	-
Unrestricted	31,047,661	(3,241,810)
Total Net Position	32,817,436	11,946,459
Total Liabilities and Net Position	\$ 55,603,546	\$ 55,994,487

See Notes to Financial Statements

Boulder County Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2014

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 7,497,416	\$ -
Other grants	5,388,548	-
Rental income	1,850,517	1,854,428
Administration fees	512,606	-
Management fees	108,582	-
Developer fee income	3,214,165	-
Other	166,861	10,451
Total operating revenues	<u>18,738,695</u>	<u>1,864,879</u>
Operating Expenses		
Housing assistance payments	6,535,300	-
Administrative salaries and benefits	1,654,096	114,055
Maintenance salaries and benefits	1,429,538	183,154
Regular and extraordinary maintenance	2,446,884	233,737
Direct client expenses	1,835,826	-
Other administrative	593,896	136,601
Depreciation and amortization	830,861	914,574
Utilities	313,294	252,312
Insurance	284,078	77,210
Other expenses	67,858	10,613
Total operating expenses	<u>15,991,631</u>	<u>1,922,256</u>
Operating Income (Loss)	<u>2,747,064</u>	<u>(57,377)</u>
Non-Operating Revenues (Expenses)		
Interest income	566,856	214
Interest expense	(622,290)	(843,848)
Loss on sale of property and unrecoverable development costs	(966,401)	-
Flood disaster costs	(327,536)	-
Total Non-Operating Revenues (Expenses)	<u>(1,349,371)</u>	<u>(843,634)</u>
Income (Loss) Before Transfers, Other Contributions and HUD Capital Grant Income	1,397,693	(901,011)
Contributions		
Partner contributions	-	732,338
Transfers from primary government	2,332,089	-
HUD capital grant income	14,699	-
Change in Net Position	<u>3,744,481</u>	<u>(168,673)</u>
Net Position - Beginning of Year	<u>29,072,955</u>	<u>12,115,132</u>
Net Position - End of Year	<u>\$ 32,817,436</u>	<u>\$ 11,946,459</u>

See Notes to Financial Statements

Boulder County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2014

	Primary Government	Discretely Presented Component Units
Operating Activities		
HUD PHA grants	\$ 7,497,416	\$ -
Other grants	5,054,914	-
Receipts from tenants	1,837,502	1,869,053
Administration fees	512,606	-
Management fee income	108,582	-
Developer fee income	732,338	-
Other income	212,911	10,451
Housing assistance payments	(6,535,300)	-
Payments to employees	(3,077,575)	(290,408)
Payments to suppliers	(6,603,353)	(706,010)
Net Cash Provided by (Used for) Operating Activities	(259,959)	883,086
Noncapital Financing Activities		
Payment of flood disaster costs and other	(327,536)	-
Advances from (payments to) related party	(97,362)	909,301
Transfers in from primary government	2,332,089	-
Net Cash Provided by Noncapital Financing Activities	1,907,191	909,301
Capital and Related Financing Activities		
Proceeds from capital grants	14,699	-
Proceeds from issuance of construction note payable	-	16,778,745
Principal payments on construction note payable	-	(1,607,473)
Principal payments on long-term debt	(583,483)	(20,653)
Proceeds from long-term debt borrowings	250,000	-
Interest paid on long-term debt	(620,798)	(562,670)
Payments on developer fee payable	-	(732,338)
Contributions	-	732,338
Acquisition of capital assets	(629,810)	(15,777,957)
Proceeds from sale of capital assets	197,499	-
Acquisition of other assets	-	(365,458)
Net Cash Used for Capital and Related Financing Activities	(1,371,893)	(1,555,466)
Investing Activities		
Issuance of notes receivable	(1,299,932)	-
Payments received on notes receivable	82,136	-
Interest income	273,551	214
Net Cash Provided by (Used for) Investing Activities	(944,245)	214
Net Change in Cash and Cash Equivalents	(668,906)	237,135
Cash and Cash Equivalents, Beginning of Year	9,268,566	2,202,067
Cash and Cash Equivalents, End of Year	\$ 8,599,660	\$ 2,439,202

See Notes to Financial Statements

Boulder County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2014

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Reconciliation of Cash and Cash Equivalents		
Cash	\$ 8,084,952	\$ 1,771,905
Restricted Cash	514,708	667,297
	<u>\$ 8,599,660</u>	<u>\$ 2,439,202</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 2,747,064	\$ (57,377)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and amortization	830,861	914,573
Changes in assets and liabilities		
Change in receivables	(2,451,133)	(5,278)
Change in prepaid expenses	98,438	16,297
Change in inventory	(24,509)	-
Change in accounts payable	19,056	4,358
Change in accrued expenses	60,994	(9,390)
Change in unearned revenues	(333,634)	(5,081)
Change in due to other agencies	(1,209,437)	-
Change in security deposits payable	2,341	24,984
	<u>\$ (259,959)</u>	<u>\$ 883,086</u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Increase in capital assets from issuance of related party debt	<u>\$ 2,581,500</u>	<u>\$ 1,215,396</u>
Increase in capital assets from developer fee payable	<u>\$ -</u>	<u>\$ 3,214,165</u>
Increase in capital assets from accrued interest	<u>\$ -</u>	<u>\$ 84,437</u>

Boulder County Housing Authority
Combining Balance Sheet – Discretely Presented Component Units
December 31, 2014

	<u>Josephine Commons, LLC</u>	<u>Aspinwall, LLC</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 988,331	\$ 783,574	\$ 1,771,905
Restricted cash and cash equivalents	531,357	135,940	667,297
Accounts receivable			
Tenants	-	8,471	8,471
Other	-	300	300
Total Current Assets	<u>1,519,688</u>	<u>928,285</u>	<u>2,447,973</u>
Other Assets, net of accumulated amortization	<u>154,940</u>	<u>362,344</u>	<u>517,284</u>
Capital Assets			
Non-depreciable	86,500	3,387,965	3,474,465
Depreciable, net	<u>14,448,123</u>	<u>35,106,642</u>	<u>49,554,765</u>
Total Capital Assets	<u>14,534,623</u>	<u>38,494,607</u>	<u>53,029,230</u>
Total Assets	<u><u>\$ 16,209,251</u></u>	<u><u>\$ 39,785,236</u></u>	<u><u>\$ 55,994,487</u></u>

Boulder County Housing Authority
Combining Balance Sheet – Discretely Presented Component Units
December 31, 2014

	<u>Josephine Commons, LLC</u>	<u>Aspinwall, LLC</u>	<u>Total</u>
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 10,004	\$ 167,518	\$ 177,522
Accrued liabilities	5,462	4,733	10,195
Accrued interest payable	16,884	-	16,884
Due to BCHA	38,915	1,279,738	1,318,653
Unearned revenues	1,598	2,298	3,896
Tenant security deposits payable	21,650	53,289	74,939
Developer fee payable	-	1,308,772	1,308,772
Construction note payable	-	19,494,464	19,494,464
Notes, mortgages and bonds payable - current portion	22,264	-	22,264
Total Current Liabilities	<u>116,777</u>	<u>22,310,812</u>	<u>22,427,589</u>
Long-Term Liabilities			
Developer fee payable	613,057	2,091,670	2,704,727
Accrued interest payable	128,762	440,453	569,215
Notes, mortgages and bonds payable - net of current portion	4,600,376	13,746,121	18,346,497
Total Long-Term Liabilities	<u>5,342,195</u>	<u>16,278,244</u>	<u>21,620,439</u>
Total Liabilities	<u>5,458,972</u>	<u>38,589,056</u>	<u>44,048,028</u>
Net Position			
Net investment in capital assets	9,934,247	5,254,022	15,188,269
Restricted	-	-	-
Unrestricted	816,032	(4,057,842)	(3,241,810)
Total Net Position	<u>10,750,279</u>	<u>1,196,180</u>	<u>11,946,459</u>
Total Liabilities and Net Position	<u>\$ 16,209,251</u>	<u>\$ 39,785,236</u>	<u>\$ 55,994,487</u>

Boulder County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component
Units
Year Ended December 31, 2014

	Josephine Commons, LLC	Aspinwall, LLC	Total
Operating Revenues			
Rental income	\$ 693,977	\$ 1,160,451	\$ 1,854,428
Other	2,405	8,046	10,451
Total operating revenues	<u>696,382</u>	<u>1,168,497</u>	<u>1,864,879</u>
Operating Expenses			
Administrative salaries and benefits	35,894	78,161	114,055
Maintenance salaries and benefits	74,681	108,473	183,154
Regular and extraordinary maintenance	73,760	159,977	233,737
Other administrative	55,595	81,006	136,601
Depreciation and amortization	469,830	444,744	914,574
Utilities	75,570	176,742	252,312
Insurance	37,515	39,695	77,210
Other expenses	5,463	5,150	10,613
Total operating expenses	<u>828,308</u>	<u>1,093,948</u>	<u>1,922,256</u>
Operating Income (Loss)	<u>(131,926)</u>	<u>74,549</u>	<u>(57,377)</u>
Non-Operating Revenues (Expenses)			
Interest income	56	158	214
Interest expense	(265,518)	(578,330)	(843,848)
Total Non-Operating Revenues (Expenses)	<u>(265,462)</u>	<u>(578,172)</u>	<u>(843,634)</u>
Loss Before Other Contributions	<u>(397,388)</u>	<u>(503,623)</u>	<u>(901,011)</u>
Other Contributions			
Partner contributions	<u>732,338</u>	<u>-</u>	<u>732,338</u>
Change in Net Position	334,950	(503,623)	(168,673)
Net Position - Beginning of Year	<u>10,415,329</u>	<u>1,699,803</u>	<u>12,115,132</u>
Net Position - End of Year	<u>\$ 10,750,279</u>	<u>\$ 1,196,180</u>	<u>\$ 11,946,459</u>

Boulder County Housing Authority
Combining Statement of Cash Flows – Discretely Presented Component Units
Year Ended December 31, 2014

	Josephine Commons, LLC	Aspinwall, LLC	Total
Operating Activities			
Receipts from tenants	\$ 694,595	\$ 1,174,458	\$ 1,869,053
Other income	2,405	8,046	10,451
Payments to employees	(103,774)	(186,634)	(290,408)
Payments to suppliers	(255,486)	(450,524)	(706,010)
Net Cash from Operating Activities	<u>337,740</u>	<u>545,346</u>	<u>883,086</u>
Noncapital Financing Activity			
Advances from related party	<u>779,811</u>	<u>129,490</u>	<u>909,301</u>
Capital and Related Financing Activities			
Proceeds from issuance of construction note payable	-	16,778,745	16,778,745
Payments on accounts payable construction	-	(1,607,473)	(1,607,473)
Principal payments on long-term debt	(20,653)	-	(20,653)
Interest paid on long-term debt	(209,336)	(353,334)	(562,670)
Payment on developer fee payable	(732,338)	-	(732,338)
Equity contributions	732,338	-	732,338
Payment of syndication costs	-	-	-
Acquisition of capital assets	-	(15,777,957)	(15,777,957)
Acquisition of other assets	-	(365,458)	(365,458)
Net Cash used for Capital and Related Financing Activities	<u>(229,989)</u>	<u>(1,325,477)</u>	<u>(1,555,466)</u>
Investing Activity			
Interest income	<u>56</u>	<u>158</u>	<u>214</u>
Net Change in Cash and Cash Equivalents	887,618	(650,483)	237,135
Cash and Cash Equivalents, Beginning of Year	<u>632,070</u>	<u>1,569,997</u>	<u>2,202,067</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,519,688</u>	<u>\$ 919,514</u>	<u>\$ 2,439,202</u>

Boulder County Housing Authority
Combining Statement of Cash Flows – Discretely Presented Component Units
Year Ended December 31, 20144

	Josephine Commons, LLC	Aspinwall, LLC	Total
Reconciliation of Cash and Cash Equivalents			
Cash	\$ 988,331	\$ 783,574	\$ 1,771,905
Restricted Cash	531,357	135,940	667,297
Total Cash and Cash Equivalents	\$ 1,519,688	\$ 919,514	\$ 2,439,202
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (131,926)	\$ 74,549	\$ (57,377)
Adjustments to reconcile change in net position to net cash provided by operating activities			
Depreciation and amortization	469,829	444,744	914,573
Changes in assets and liabilities			
Change in receivables	2,878	(8,156)	(5,278)
Change in prepaid expenses	-	16,297	16,297
Change in accounts payable	(7,741)	12,099	4,358
Change in accrued expenses	6,960	(16,350)	(9,390)
Change in unearned revenues	(2,610)	(2,471)	(5,081)
Change in security deposits payable	350	24,634	24,984
Net Cash Provided by Operating Activities	\$ 337,740	\$ 545,346	\$ 883,086
Supplemental Disclosure of Noncash Investing and Financing Activities			
Increase in capital assets from issuance of related party debt	\$ -	\$ 1,215,396	\$ 1,215,396
Increase in capital assets from developer fee payable	\$ -	\$ 3,214,165	\$ 3,214,165
Increase in capital assets from accrued interest	\$ -	\$ 84,437	\$ 84,437

Note 1 - Nature of Operations and Significant Accounting Policies

General

The Boulder County Housing Authority is a corporate body created in 1975 and uses available federal, state and local resources to serve the residents of Boulder County, Colorado, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 611 units of affordable housing in Boulder County and administers 724 Section 8 housing choice vouchers, 50 family unification program (FUP) vouchers, and 60 Section 8 VASH vouchers.

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

Three additional organizations are included in the financial reporting entity of the Authority as blended component units. MFPH Acquisitions LLC (MFPH) was created in April 2008 for the purpose of receiving certain affordable housing units from the Authority and will hold, manage and, at a future time determined by MFPH, sell the units at fair market value. Josephine Commons Manager, LLC is wholly owned by the Authority and is the managing member of Josephine Commons, LLC. Aspinwall Manager, LLC is wholly owned by the Authority and is the managing member of Aspinwall, LLC. The sole member of all three companies is the Boulder County Housing Authority which is able to impose its will on the organizations. Accordingly, the activities and the ending balances of MFPH, Josephine Commons Manager, LLC and Aspinwall Manager, LLC are reported within the proprietary funds of the Authority. Josephine Commons Manager, LLC and Aspinwall Manager, LLC have little or no activity. Separate financial statements for the blended component units are not issued. Condensed component unit information for MFPH Acquisitions LLC is disclosed in Note 14.

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, 2014. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

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

Aspinwall LLC (Aspinwall) was formed to develop, construct, rehabilitate, own, maintain, and operate a 167 unit multi-family complex for low-income and elderly residents. The project is to include 95 scattered site rehabilitated units and 72 new construction units in Lafayette, Colorado. Units were placed in service throughout 2014 as construction was completed. 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.

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.

Fund Accounting

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

Basis of Accounting and Measurement Focus

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

Cash and Cash Equivalents

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

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

Accounts Receivable

Revenues are recorded when earned and are reported as accounts receivable until collected. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future. Receivables are reported net of the related allowance of \$31,408.

Inventory

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

Capital Assets

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

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

Buildings and improvements	10-45 years
Furniture and fixtures	4-15 years
Vehicles	5 years

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 expense, interest revenue, gain/loss on disposal of capital assets, transfers from primary government, HUD capital grant income, and equity contributions 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.

Accumulated Unpaid Vacation and Sick Leave

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

Components of Net Position

Components of net position include the following:

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

Business and Credit Risk

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

Budgetary

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

Accounting Estimates

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

New Accounting Pronouncement

The GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement is effective for fiscal years beginning after June 15, 2014, with earlier application encouraged. The Authority has not early adopted the new pronouncement. The primary objective of this Statement is to improve accounting and financial reporting about financial support for pensions and may result in recognizing additional liabilities to the defined benefit pension plan.

Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report a net pension asset or liability, deferred outflows or inflows of resources related to pensions and pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. The share of collective net pension liability recognized by an individual employer should be based on the employer's relationship to all employers and non-employer contributing entities in the plan. The employer's proportion should be consistent with how contributions are determined; the use of the long-term contribution effort of the employer is encouraged. The measurement of collective net pension liability, pension expense and other key information will follow the same standards that apply to single and agent employers. The effects of changes to an employer's expected proportion of total employer-related contributions—as well as the effects of differences between the expected and actual proportionate share of total employer-related contributions each period—will be reported as a deferred outflow or inflow of resources and recognized in the employer's pension expense in a systematic and rational manner over a closed period representative of the average expected remaining service lives of employees, beginning with the period of adoption. Under the current standards, governments recognize only the portion of cost-sharing pension obligations related to their annual required contributions. The Authority is currently evaluating the impact this statement will have on financial reporting.

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 2014.

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, 2014, the Organization's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with PDPA.

At December 31, 2014, the Authority's carrying amount of deposits was \$8,599,660 and the bank balances totaled \$9,171,054. Of the bank balances, \$588,215 was covered by Federal Depository Insurance. Of the remaining balances for 2014, \$8,582,839 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 interest rates of certificates of deposit will adversely affect the fair value of investments. All certificates of deposit held by the Authority as of December 31, 2014 mature within 3 months.

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

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, 2014, investments held by the Authority are held in a local government investment pool totaling \$1,240,358. These funds are classified as cash and cash equivalents on the balance sheet.

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, 2014, the Authority had \$1,240,358 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00.

Discretely Presented Component Units

Custodial Credit Risk

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

At December 31, 2014, Josephine Commons' carrying amount of deposits was \$1,519,688 and the bank balances totaled \$1,522,536. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,272,536 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, 2014, Aspinwall's carrying amount of deposits was \$919,514 and the bank balances totaled \$938,702. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$688,702 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

Note 3 - Restricted Cash

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

Note 4 - Notes Receivable

	<u>Principal</u>	<u>Accrued Interest</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	\$ 94,607	\$ -
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	1,000,000	444,954
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	524,272	6,466
Forty-three 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 fourteen notes - See (B) below	315,172	-
4.3% note receivable from Josephine Commons under the HOME program, up to an amount of \$550,000, payments due from cash flow, remaining principal and interest due August 2061, secured by a second mortgage	550,000	56,960
4.3% note receivable from Josephine Commons under the AHP program, payments due from cash flow, remaining principal and interest due August 2061, secured by a third mortgage	250,000	25,860
4.3% note receivable from Josephine Commons under the Worthy Cause Funds I program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fourth mortgage on the property	200,000	20,376
4.3% note receivable from Josephine Commons under the Worthy Cause Funds II program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fifth mortgage on the property	200,000	20,376

	<u>Principal</u>	<u>Accrued Interest</u>
0.5% note receivable from Josephine Commons, due from cash flow, remaining principal and interest due August 2061, unsecured	443,293	5,190
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	6,885
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	17,534
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	17,057
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	463,938	11,830
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	11,851
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	209,837
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	119,793
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	<u>2,715,396</u>	<u>45,666</u>
Total notes receivable	<u>\$ 16,673,465</u>	<u>\$ 1,020,635</u>

(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). Accrued interest of \$175,374 was paid on these notes in 2014.

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

Note 5 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2014:

Primary Government

	Balance 12/31/13	Additions	Transfers In/Out	Disposals	Balance 12/31/14
Nondepreciable assets:					
Land	\$ 3,765,115	\$ 2,581,500	\$ -	\$ (44,187)	\$ 6,302,428
Construction in progress	2,166,482	554,429	(1,547,997)	(904,713)	268,201
Total capital assets not being depreciated	<u>5,931,597</u>	<u>3,135,929</u>	<u>(1,547,997)</u>	<u>(948,900)</u>	<u>6,570,629</u>
Depreciable assets:					
Computer equipment/software	47,819	-	-	-	47,819
Furniture and fixtures	130,730	11,098	-	-	141,828
Buildings and improvements	26,857,496	15,889	1,547,997	(569,821)	27,851,561
Vehicles	725,178	48,394	-	-	773,572
Total buildings and improvements	<u>27,761,223</u>	<u>75,381</u>	<u>1,547,997</u>	<u>(569,821)</u>	<u>28,814,780</u>
Accumulated depreciation					
Computer equipment/software	(47,819)	-	-	-	(47,819)
Furniture and fixtures	(52,215)	(14,628)	-	-	(66,843)
Buildings and improvements	(11,404,857)	(761,853)	-	354,821	(11,811,889)
Vehicles	(659,835)	(54,380)	-	-	(714,215)
Total accumulated depreciation	<u>(12,164,726)</u>	<u>(830,861)</u>	<u>-</u>	<u>354,821</u>	<u>(12,640,766)</u>
Total capital assets being depreciated	<u>15,596,497</u>	<u>(755,480)</u>	<u>1,547,997</u>	<u>(215,000)</u>	<u>16,174,014</u>
Total capital assets, net	<u>\$ 21,528,094</u>	<u>\$ 2,380,449</u>	<u>\$ -</u>	<u>\$ (1,163,900)</u>	<u>\$ 22,744,643</u>

Discretely Presented Component Units

Josephine Commons

	Balance 12/31/13	Additions	Transfers In/Out	Disposals	Balance 12/31/14
Nondepreciable assets:					
Land	\$ 86,500	\$ -	\$ -	\$ -	\$ 86,500
Depreciable assets:					
Land improvements	1,534,359	-	-	-	1,534,359
Furniture and fixtures	465,050	-	-	-	465,050
Buildings and improvements	13,525,204	-	-	-	13,525,204
Total buildings and improvements	15,524,613	-	-	-	15,524,613
Accumulated depreciation					
Land improvements	(102,291)	(76,717)	-	-	(179,008)
Furniture and fixtures	(62,007)	(46,505)	-	-	(108,512)
Buildings and improvements	(453,688)	(335,282)	-	-	(788,970)
Total accumulated depreciation	(617,986)	(458,504)	-	-	(1,076,490)
Total capital assets being depreciated	14,906,627	(458,504)	-	-	14,448,123
Total capital assets, net	\$ 14,993,127	\$ (458,504)	\$ -	\$ -	\$ 14,534,623

Boulder County Housing Authority
Notes to Financial Statements
December 31, 2014

Aspinwall

	Balance 12/31/13	Additions	Transfers In/Out	Disposals	Balance 12/31/14
Nondepreciable assets:					
Land	\$ 3,387,965	\$ -	\$ -	\$ -	\$ 3,387,965
Construction in process	9,810,455	20,291,955	(30,102,410)	-	-
Total capital assets not being depreciated	<u>13,198,420</u>	<u>20,291,955</u>	<u>(30,102,410)</u>	<u>-</u>	<u>3,387,965</u>
Depreciable assets:					
Land improvements	-	-	5,072,402	-	5,072,402
Appliances	-	-	162,967	-	162,967
Furniture and fixtures	25,738	-	307,622	-	333,360
Buildings and improvements	5,478,262	-	24,559,419	-	30,037,681
Total buildings and improvements	<u>5,504,000</u>	<u>-</u>	<u>30,102,410</u>	<u>-</u>	<u>35,606,410</u>
Accumulated depreciation					
Land improvements	-	(82,717)	-	-	(82,717)
Appliances	-	(5,432)	-	-	(5,432)
Furniture and fixtures	-	(11,112)	-	-	(11,112)
Buildings and improvements	(58,137)	(342,370)	-	-	(400,507)
Total accumulated depreciation	<u>(58,137)</u>	<u>(441,631)</u>	<u>-</u>	<u>-</u>	<u>(499,768)</u>
Total capital assets being depreciated	<u>5,445,863</u>	<u>(441,631)</u>	<u>30,102,410</u>	<u>-</u>	<u>35,106,642</u>
Total capital assets, net	<u>\$ 18,644,283</u>	<u>\$ 19,850,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,494,607</u>

Note 6 - Construction Note Payable

Discretely Presented Component Units

Aspinwall financed the construction of the project in part with a 4.20% note payable with FirstBank in an amount not to exceed \$19,893,857. The construction loan is due August 1, 2015, unless extended. The note is secured by a deed of trust and security agreement, a security interest in and assignment of the fee payable to the developer, and security interest in and assignment of the interest of the manager. As of December 31, 2014, the balance of the construction note was \$19,494,464.

Note 7 - Long-Term Debt

During the year ended December 31, 2014, the following changes occurred in long-term debt:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 2,658,731	\$ 2,831,500	\$ (262,601)	\$ 5,227,630	\$ 204,015
Bonds Payable	16,068,120	-	(320,882)	15,747,238	345,809
Total long-term debt	<u>\$ 18,726,851</u>	<u>\$ 2,831,500</u>	<u>\$ (583,483)</u>	<u>\$ 20,974,868</u>	<u>\$ 549,824</u>

Discretely Presented Component Units

Josephine Commons

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	<u>\$ 4,643,293</u>	<u>\$ -</u>	<u>\$ (20,653)</u>	<u>\$ 4,622,640</u>	<u>\$ 22,264</u>

Aspinwall

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	<u>\$ 12,530,725</u>	<u>\$ 1,215,396</u>	<u>\$ -</u>	<u>\$ 13,746,121</u>	<u>\$ -</u>

Long-term debt as of December 31, 2014, 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	\$ 209,901
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	875,139
5.38% 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	143,633
2% mortgage note payable, due in monthly principal and interest installments of \$2,120 with a maturity date of June 2036, secured by a deed of trust on the property and an assignment of rents	594,126
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	181,659
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	39,792
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	82,789
0% note payable to Boulder County, entire principal balance due April 2024, unsecured	2,581,500
0% mortgage note payable, forgiven in its entirety on the anniversary date of April 2015, secured by a deed of trust on the property - See (D) below	50,000
0% mortgage note payable, forgiven in its entirety on the anniversary date of May 2015, secured by a deed of trust on the property - See (D) below	85,000
2% mortgage note payable, due in monthly principal and interest installments of \$1,182 with a maturity date of August 2020, secured by a deed of trust on the property and an assignment of rents	73,819

0% mortgage note payable, forgivable through December 2047, issued under the Affordable Housing Program and monitored by the Federal Home Loan Bank of Topeka, secured by a mortgage on substantially all assets and an assignment of rent	60,000
3.5% mortgage note payable, due in monthly principal and interest installments of \$1,794 with a maturity date of September 2017, secured by a deed of trust on the property and an assignment of rents	246,822
0% mortgage note payable, forgivable through January 2016, issued and monitored by the City of Longmont, secured by a deed of trust on substantially all property	<u>3,450</u>
Total notes and mortgages payable	<u>5,227,630</u>

Bonds Payable

Series 2012 Housing Revenue Bonds - See (A) below	7,346,274
Series 2013 Housing Revenue Bonds - See (B) below	1,202,682
Series 2013 Housing Revenue Bonds - See (C) below	<u>7,198,282</u>
Total Bonds Payable	<u>15,747,238</u>

Total Long-Term Debt \$ 20,974,868

- (A) – 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, 2014. 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.
- (B) – The Authority issued \$1,240,000 in Housing Revenue Bonds, Series 2013. The bonds bear interest at 3.36%. The Authority is required to make monthly payments of \$6,117, including interest, on the bonds through the final maturity date of October 2023.
- (C) – The Authority issued \$7,450,000 in Housing Revenue Bonds, Series 2013. The bonds bear interest at 3.16%. The Authority is required to make monthly payments of \$32,067, including interest, on the bonds through the final maturity date of January 2020.
- (D) – These notes carry certain provisions which allow for the entire principal balance to be forgiven after all conditions have been met. The notes have been recorded as mortgages until the final maturity date since the provisions have to be maintained through maturity for the principal to be forgiven.

Discretely Presented Component Units

Josephine Commons

7.0% mortgage note payable to Berkadia Commercial Mortgage, Inc. due in monthly principal and interest payments of \$19,166 through November 2029, secured by a deed of trust and assignment of rents	\$ 2,979,347
4.3% mortgage note payable to Boulder County Housing Authority (BCHA) under the HOME funds, up to an amount of \$550,000, payments due from cash flow, remaining principal and interest due August 2061, secured by a second mortgage	550,000
4.3% mortgage note payable to BCHA under the AHP funds payments due from cash flow, remaining principal and interest due August 2061, secured by a third mortgage	250,000
4.3% mortgage note payable to BCHA under the Worthy Cause Funds I program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fourth mortgage	200,000
4.3% mortgage note payable to BCHA under the Worthy Cause Funds II program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fifth mortgage	200,000
0.5% note payable to BCHA, due from cash flow, remaining principal and interest due August 2061, unsecured	443,293
	\$ 4,622,640

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	463,938
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	2,715,396
6.75% note payable to Mile High Community Loan Fund, Inc., interest only payments are due through the conversion date, after conversion, monthly payments of principal and interest are to be made through maturity, 18 years from conversion, secured by a deed of trust on the property	650,000
	<u>\$ 13,746,121</u>

The estimated debt requirements to maturity for the year ending December 31, 2014 are as follows:

Primary Government

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 549,824	\$ 593,871	\$ 1,143,695
2016	427,449	580,612	1,008,061
2017	650,835	559,388	1,210,223
2018	438,904	545,918	984,822
2019	452,823	531,992	984,815
2020-2024	5,821,477	2,316,638	8,138,115
2025-2029	11,152,716	1,457,211	12,609,927
2030-2034	250,115	367,657	617,772
2035-2039	1,010,840	138,384	1,149,224
2040-2044	122,346	9,896	132,242
2045-2047	97,539	718	98,257
	<u>\$ 20,974,868</u>	<u>\$ 7,102,285</u>	<u>\$ 28,077,153</u>
Total	<u>\$ 20,974,868</u>	<u>\$ 7,102,285</u>	<u>\$ 28,077,153</u>

Discretely Presented Component Units

Josephine Commons

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 22,264	\$ 207,728	\$ 229,992
2016	23,873	206,119	229,992
2017	25,599	204,393	229,992
2018	27,449	202,543	229,992
2019	29,434	200,558	229,992
2020-2024	181,309	968,651	1,149,960
2025-2029	2,669,419	878,826	3,548,245
2030-2034	-	-	-
2035-2059	-	-	-
2060-2064	1,243,293	665,308	1,908,601
2112	400,000	1,702,800	2,102,800
	<u>\$ 4,622,640</u>	<u>\$ 5,236,926</u>	<u>\$ 9,859,566</u>
Total	<u>\$ 4,622,640</u>	<u>\$ 5,236,926</u>	<u>\$ 9,859,566</u>

Aspinwall

	Principal	Interest	Total
2015	\$ -	\$ 43,875	\$ 43,875
2016	-	43,875	43,875
2017	-	43,875	43,875
2018	-	43,875	43,875
2019	-	43,875	43,875
2020-2024	-	43,875	43,875
2025-2029	-	43,875	43,875
2030-2034	650,000	219,375	869,375
2035-2059	-	-	-
2060-2064	13,096,121	5,872,332	18,968,453
Total	\$ 13,746,121	\$ 6,398,832	\$ 20,144,953

No principal payments are due on the forgivable loans. Payments on the remaining notes are due from available cash flow with all remaining principal and accrued interest due August 2061 for Josephine Commons and July 2063 for Aspinwall. At December 31, 2014 accrued interest on these notes totaled \$128,267 for Josephine Commons and \$440,453 for Aspinwall.

Note 8 - Compensated Absences

A summary of the activity in the Authority's compensated absences for the year ended December 31, 2014 is as follows:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated absences	\$ 206,872	\$ 197,813	\$ (225,770)	\$ 184,974	\$ 9,508

Note 9 - Annual Contributions Contract

The Authority has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The Authority received \$5,873,245 on this contract during the year ended December 31, 2014.

Note 10 - Defined Benefit Pension Plan

Plan Description

The Authority contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Authority are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

Plan members and the Authority are required to contribute at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members and for Authority is stated in the table below of covered salary. A portion of the Authority's contribution is allocated for the Health Care Trust Fund.

The Authority's contributions to LGDTF that are equal to the required contributions for each year were as follows:

	Amount	Member Contribution	Authority Contribution
For the year ended			
December 31, 2012	\$ 419,608	8.00%	10.00%
December 31, 2013	\$ 488,179	8.00%	10.00%
December 31, 2014	\$ 428,374	8.00%	10.00%

Note 11 - Post Employment Health Care Benefits

Plan Description

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the Authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The Authority is required to contribute at a rate of 1.02% of covered salary as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended.

Note 12 - Defined Contribution Pension Plan

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

The 401(k) Plan is funded by voluntary employee contributions of up to a maximum limit set by the IRS (\$17,500 for the calendar year 2014, \$17,500 for the calendar year 2013, and \$17,000 for the calendar year 2012). Catch-up contributions up to \$5,500 each year for the calendar years 2014, 2013, and 2012 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC Section 414(v). The contribution requirements for the Authority are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended December 31, 2014, 2013, and 2012, the 401(k) Plan employee contributions from the Authority were \$14,359, \$14,915, and \$28,619, respectively.

Note 13 - Related Party Transactions

Developer Fees

Josephine Commons

Josephine Commons, LLC (Josephine Commons) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Josephine Commons. Developer fees of \$1,351,067 incurred by Josephine Commons to the Authority have been capitalized as part of the building. During 2014, Josephine Commons paid developer fees of \$732,338 to the Authority. As of December 31, 2014, Josephine Commons owed the Authority \$613,057 for developer fees. The remaining developer fees are expected to be paid from net cash flow.

Aspinwall

Aspinwall, LLC (Aspinwall) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Aspinwall in the amount of \$3,725,541. During 2014, this amount was reduced to \$3,400,442. Developer fees of \$3,214,165 have been incurred and capitalized as part of the building in 2014. At December 31, 2014, Aspinwall owed the Authority \$3,400,442 for developer fees. Developer fees are expected to be paid from capital contributions and approximately \$2,091,670 is anticipated to be deferred and paid from net cash flow.

Mortgage Notes and Accrued Interest

Josephine Commons

Josephine Commons has entered into multiple loan agreements with the Authority – see Note 7. During 2014, Josephine Commons incurred interest expense of \$56,303 in relation to these mortgage notes payable. As of December 31, 2014, Josephine Commons owes the Authority \$128,267 for accrued interest.

Aspinwall

Aspinwall has entered into multiple loan agreements with the Authority – see Note 7. During 2014, Aspinwall incurred interest expense of \$313,089 in relation to these mortgage notes payable. As of December 31, 2014, Aspinwall owes the Authority \$440,453 for accrued interest.

Due from Related Party

Josephine Commons

As of December 31, 2014, Josephine Commons owed the Authority \$4,372 for costs related to operations.

Aspinwall

As of December 31, 2014, Aspinwall owed the Authority \$1,279,738 for costs paid on behalf of the project by the Authority, including construction costs, accrued wages and benefits.

Management Fees

Josephine Commons

Josephine Commons has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Josephine Commons is to pay management fees equal to the lesser of \$466 per unit or 5.5% of effective gross income. During 2014, Josephine Commons incurred management fees of \$34,487 to the Authority.

Aspinwall

Aspinwall has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Aspinwall is to pay management fees equal to the lesser of \$466 per unit or 5.5% of effective gross income. During 2014, Aspinwall incurred management fees of \$39,498 to the Authority.

Reimbursement of Expenses

Josephine Commons

During 2014, Josephine Commons reimbursed the Authority approximately \$40,200 for payroll and other expenses. As of December 31, 2014, Josephine Commons owed the Authority \$34,543 for payroll costs.

Aspinwall

During 2014, Aspinwall reimbursed the Authority approximately \$189,400 for payroll and other expenses.

Incentive Management Fee

Pursuant to the operating agreement, Josephine Commons is to pay the Authority for their services in managing the business of Josephine Commons, a non-cumulative fee equal to 80% of cash flow remaining after other required payments. At no time is the fee to exceed 10% of gross revenues in any year. There were no incentive management fees paid by Josephine Commons to the Authority during 2014.

Operating Deficit Guaranty

Josephine Commons

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

Aspinwall

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

Due from Boulder County

At December 31, 2014, the Authority was owed \$77,771 from Boulder County for rental assistance, costs of rehabilitation, and operating expenses.

Note Payable to Boulder County

During 2014, Boulder County transferred property to the Authority in exchange for a long-term promissory note totaling \$2,581,500. Terms of this note are included in Note 7 to the financial statements.

Due to Boulder County

At December 31, 2014, the Authority owed Boulder County \$733,365 for payroll and other operating expenses paid by the County.

Transfers to/from Primary Government

During 2014, the Authority received transfers of \$2,335,170 from Boulder County consisting of \$200,170 for Operating Subsidy; \$1,600,000 for Housing Stabilization; \$35,000 for the Housing and Community Education Program; and \$500,000 for Post Disaster Housing and Counseling. During 2014, administrative salaries expense of \$3,081 was provided by the Authority to Boulder County resulting in net transfers of \$2,332,089.

Note 14 - Condensed Component Unit Information

Condensed component unit information for MFPH Acquisitions LLC, a blended component unit of the Authority (Note 1), for the year ended December 31, 2014 is as follows:

Condensed Balance Sheet

ASSETS	
Current Assets	\$ 78,589
Notes Receivable	3,020,000
Capital Assets	<u>1,262,591</u>
Total Assets	<u><u>\$ 4,361,180</u></u>
 LIABILITIES	
Current Liabilities	\$ 35,257
 NET POSITION	
Total Liabilities and Net Position	<u><u>\$ 4,361,180</u></u>

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

OPERATING REVENUES	
Tenant rent	\$ 132,976
Rental assistance	108,988
Other	8,024
Total Operating Revenues	249,988
 OPERATING EXPENSES	
Maintenance salaries and benefits	24,665
Regular and extraordinary maintenance	72,536
Other administrative	43,026
Depreciation and amortization	35,515
Utilities	21,556
Insurance	10,792
Other	4,405
Total Operating Expenses	212,495
OPERATING INCOME	37,493
 NONOPERATING EXPENSE	
Interest expense	(45,109)
Change in net position	(7,616)
NET POSITION, Beginning of year	4,333,539
NET POSITION, End of year	\$ 4,325,923

Condensed Statement of Cash Flows

NET CASH PROVIDED BY:	
Operating activities	\$ 73,898
Capital and related financing activities	(45,109)
Net decrease in cash and cash equivalents	28,789
CASH AND CASH EQUIVALENTS, Beginning of year	48,584
CASH AND CASH EQUIVALENTS, End of year	\$ 77,373



Supplementary Information
December 31, 2014

Boulder County Housing Authority

Boulder County Housing Authority
Combining Balance Sheet
December 31, 2014

	Housing Counseling Assistance 14.169	Homelessness Prevention 14.257	Community Development Block Grants 14.218	Weatherization Assistance 81.042	Housing Choice Vouchers 14.871	HOME Investment Partnership Program 14.239	Public Housing FSS 14.877	Family Unification Program 14.880
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 44,234	\$ 296,335	\$ 260,350	\$ -	\$ -
Restricted cash and cash equivalents	-	-	204,941	-	-	-	52,508	-
Accounts receivable								
Tenants	-	-	-	-	3,807	-	-	-
Developer fees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	381	-	-
Due from other agencies	11,844	-	29,898	155,399	-	26,337	-	-
Due from component units	-	-	-	-	-	-	-	-
Due from Boulder County	-	-	-	-	-	-	-	-
Interprogram receivable	-	-	-	354,948	7,700	-	24,620	-
Prepaid expenses	-	-	-	-	-	-	-	-
Inventory	-	-	-	80,098	-	-	-	-
Total current assets	<u>11,844</u>	<u>-</u>	<u>234,839</u>	<u>634,679</u>	<u>307,842</u>	<u>287,068</u>	<u>77,128</u>	<u>-</u>
Developer fees	-	-	-	-	-	-	-	-
Notes receivable	-	-	315,172	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Non-depreciable capital assets	-	-	-	-	-	-	-	-
Depreciable capital assets, net	-	-	-	64,868	-	-	-	-
	<u>-</u>	<u>-</u>	<u>315,172</u>	<u>64,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 11,844</u>	<u>\$ -</u>	<u>\$ 550,011</u>	<u>\$ 699,547</u>	<u>\$ 307,842</u>	<u>\$ 287,068</u>	<u>\$ 77,128</u>	<u>\$ -</u>
Liabilities and Net Position								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 16,301	\$ -	\$ 2,990	\$ -	\$ -
Interprogram payable	50,769	9,353	198,361	50,000	102,951	-	-	-
Accrued liabilities	-	-	-	-	157,497	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-
Due to Boulder County	-	-	-	-	-	-	-	-
Tenant security deposits payable	-	-	-	-	-	-	-	-
Notes, mortgages and bonds payable - current	-	-	-	-	-	-	-	-
Total current liabilities	<u>50,769</u>	<u>9,353</u>	<u>198,361</u>	<u>66,301</u>	<u>260,448</u>	<u>2,990</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities								
Accrued compensated absences	-	-	-	-	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>50,769</u>	<u>9,353</u>	<u>198,361</u>	<u>66,301</u>	<u>260,448</u>	<u>2,990</u>	<u>-</u>	<u>-</u>
Net Position								
Net investment in capital assets	-	-	-	64,868	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Unrestricted	(38,925)	(9,353)	351,650	568,378	47,394	284,078	77,128	-
Total net position	<u>(38,925)</u>	<u>(9,353)</u>	<u>351,650</u>	<u>633,246</u>	<u>47,394</u>	<u>284,078</u>	<u>77,128</u>	<u>-</u>
Total liabilities and net position	<u>\$ 11,844</u>	<u>\$ -</u>	<u>\$ 550,011</u>	<u>\$ 699,547</u>	<u>\$ 307,842</u>	<u>\$ 287,068</u>	<u>\$ 77,128</u>	<u>\$ -</u>

Boulder County Housing Authority
Combining Balance Sheet
December 31, 2014

Low-Income Home Energy Assistance 93.568	Farm Labor & Rural Rental Housing Loans and Rental Assistance 10.405, 10.415, 10.427	MFPH	Business Activities	Section 8 Housing Assistance 14.195	Homelessness Prevention & Rapid Re-Housing 14.231	Community Development Block Grants 14.228	Other Federal Programs	Temporary Assistance for Needy Families 93.558	Total	Elimination of Intercompany Activity	Total
\$ -	\$ 235,022	\$ 71,054	\$ 6,647,718	\$ 253,380	\$ -	\$ -	\$ -	\$ 276,859	\$ 8,084,952	\$ -	\$ 8,084,952
-	163,083	6,319	82,052	5,805	-	-	-	-	514,708	-	514,708
-	1,413	-	14,531	1,156	-	-	-	-	20,907	-	20,907
-	-	-	1,308,772	-	-	-	-	-	1,308,772	-	1,308,772
-	-	-	17,379	-	-	-	-	-	17,760	-	17,760
204,742	-	1,216	315,904	5,875	-	-	-	-	751,215	(16)	751,199
-	-	-	1,320,955	-	-	-	-	-	1,320,955	(2,302)	1,318,653
-	-	-	15,006	-	-	62,765	-	-	77,771	-	77,771
-	-	-	2,055,676	-	-	-	-	-	2,442,944	(2,442,944)	-
-	-	-	156,546	-	-	-	-	-	156,546	-	156,546
-	-	-	42,310	-	-	-	-	-	122,408	-	122,408
204,742	399,518	78,589	11,976,849	266,216	-	62,765	-	276,859	14,818,938	(2,445,262)	12,373,676
-	-	-	2,704,727	-	-	-	-	-	2,704,727	-	2,704,727
-	-	3,020,000	13,338,293	-	-	-	-	-	16,673,465	-	16,673,465
-	-	-	1,020,635	-	-	-	-	-	1,020,635	-	1,020,635
-	-	-	86,400	-	-	-	-	-	86,400	-	86,400
-	330,879	387,582	5,784,551	67,617	-	-	-	-	6,570,629	-	6,570,629
-	2,985,956	875,009	12,114,405	133,776	-	-	-	-	16,174,014	-	16,174,014
-	3,316,835	4,282,591	35,049,011	201,393	-	-	-	-	43,229,870	-	43,229,870
\$ 204,742	\$ 3,716,353	\$ 4,361,180	\$ 47,025,860	\$ 467,609	\$ -	\$ 62,765	\$ -	\$ 276,859	\$ 58,048,808	\$ (2,445,262)	\$ 55,603,546
\$ -	\$ -	\$ 35,257	\$ 447,078	\$ 16,640	\$ -	\$ -	\$ -	\$ 482	\$ 518,748	\$ (2,318)	\$ 516,430
355,188	69,786	-	1,128,805	706	138,438	63,871	190	274,526	2,442,944	(2,442,944)	-
-	-	-	70,074	-	-	-	-	-	227,571	-	227,571
-	-	-	9,508	-	-	-	-	-	9,508	-	9,508
-	2,362	-	42,278	-	-	-	-	-	44,640	-	44,640
-	-	-	733,365	-	-	-	-	-	733,365	-	733,365
-	16,405	-	82,052	5,805	-	-	-	-	104,262	-	104,262
-	41,806	-	508,018	-	-	-	-	-	549,824	-	549,824
355,188	130,359	35,257	3,021,178	23,151	138,438	63,871	190	275,008	4,630,862	(2,445,262)	2,185,600
-	-	-	175,466	-	-	-	-	-	175,466	-	175,466
-	2,085,234	-	18,339,810	-	-	-	-	-	20,425,044	-	20,425,044
-	2,085,234	-	18,515,276	-	-	-	-	-	20,600,510	-	20,600,510
355,188	2,215,593	35,257	21,536,454	23,151	138,438	63,871	190	275,008	25,231,372	(2,445,262)	22,786,110
-	1,189,795	1,262,591	(948,872)	201,393	-	-	-	-	1,769,775	-	1,769,775
-	-	-	-	-	-	-	-	-	-	-	-
(150,446)	310,965	3,063,332	26,438,278	243,065	(138,438)	(1,106)	(190)	1,851	31,047,661	-	31,047,661
(150,446)	1,500,760	4,325,923	25,489,406	444,458	(138,438)	(1,106)	(190)	1,851	32,817,436	-	32,817,436
\$ 204,742	\$ 3,716,353	\$ 4,361,180	\$ 47,025,860	\$ 467,609	\$ -	\$ 62,765	\$ -	\$ 276,859	\$ 58,048,808	\$ (2,445,262)	\$ 55,603,546

Boulder County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
December 31, 2014

	Housing Counseling Assistance 14,169	Homelessness Prevention 14,257	Community Development Block Grants 14,218	Weatherization Assistance 81,042	Housing Choice Vouchers 14,871	HOME Investment Partnership Program	Public Housing FSS 14,877	Family Unification Program 14,880
Operating Revenues								
HUD PHA grants	\$ -	\$ -	\$ -	\$ -	\$ 5,873,245	\$ -	\$ 191,480	\$ -
Other grants	33,752	-	1,054,867	956,106	-	800,185	-	-
Rental income	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	512,606	-	-	-
Management fees	-	-	-	-	-	-	-	-
Developer fee income	-	-	-	-	-	-	-	-
Other	-	-	-	-	25,027	-	-	-
Total Operating Revenues	33,752	-	1,054,867	956,106	6,410,878	800,185	191,480	-
Operating Expenses								
Housing assistance payments	-	-	-	-	6,535,300	-	-	-
Administrative salaries and benefits	28,442	54	117,840	28,138	405,731	17,264	191,480	-
Maintenance salaries and benefits	-	-	-	359,955	-	-	-	-
Regular and extraordinary maintenance	-	-	160,743	525,219	-	-	-	-
Direct client expenses	-	-	-	-	-	469,408	-	-
Other administrative	-	-	6,370	58,237	88,554	3,866	-	-
Depreciation and amortization	-	-	-	56,741	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Insurance	-	-	-	25,248	-	-	-	-
Other	(522)	-	17,976	(118)	3,679	(170)	-	-
Total Operating Expenses	27,920	54	302,929	1,053,420	7,033,264	490,368	191,480	-
Operating Income (Loss)	5,832	(54)	751,938	(97,314)	(622,386)	309,817	-	-
Non-Operating Revenues (Expenses)								
Interest income	-	-	92,920	-	110	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Loss on sale of property and unrecoverable development costs	-	-	-	-	-	-	-	-
Flood disaster costs	-	-	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	-	-	92,920	-	110	-	-	-
Income (Loss) Before Transfers and HUD Capital Grant Income	5,832	(54)	844,858	(97,314)	(622,276)	309,817	-	-
Transfers from (to) primary government	-	-	-	(3,081)	-	-	-	-
Interprogram transfers	-	-	(866,169)	18,876	(370,039)	-	-	373,043
HUD capital grant income	-	-	-	-	-	-	-	-
Change in Net Position	5,832	(54)	(21,311)	(81,519)	(992,315)	309,817	-	373,043
Net Position - Beginning of Year	(44,757)	(9,299)	372,961	714,765	1,039,709	(25,739)	77,128	(373,043)
Net Position - End of Year	\$ (38,925)	\$ (9,353)	\$ 351,650	\$ 633,246	\$ 47,394	\$ 284,078	\$ 77,128	\$ -

Boulder County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
December 31, 2014

Low-Income Home Energy Assistance 93,568	Farm Labor & Rural Rental Housing Loans and Rental Assistance 10,405, 10,415, 10,427	MFPH	Business Activities	Section 8 Housing Assistance 14,195	Homelessness Prevention & Rapid Re- Housing 14,231	Community Development Block Grants 14,228	Other Federal Programs	Temporary Assistance for Needy Families 93,558	Total	Elimination of Intercompany Activity	Total
\$ -	\$ -	\$ 108,988	\$ 1,130,153	\$ 193,550	\$ -	\$ -	\$ -	\$ -	\$ 7,497,416	\$ -	\$ 7,497,416
489,856	241,552	-	1,656,234	5,101	82,668	68,227	-	-	5,388,548	-	5,388,548
-	250,170	132,976	1,418,093	49,278	-	-	-	-	1,850,517	-	1,850,517
-	-	-	-	-	-	-	-	-	512,606	-	512,606
-	-	-	108,582	-	-	-	-	-	108,582	-	108,582
-	-	-	3,214,165	-	-	-	-	-	3,214,165	-	3,214,165
-	62	8,024	133,505	243	-	-	-	-	166,861	-	166,861
489,856	491,784	249,988	7,660,732	248,172	82,668	68,227	-	-	18,738,695	-	18,738,695
-	-	-	-	-	-	-	-	-	6,535,300	-	6,535,300
24,783	49,064	-	757,052	33,003	1,285	-	(40)	-	1,654,096	-	1,654,096
271,570	60,537	24,665	689,555	23,256	-	-	-	-	1,429,538	-	1,429,538
262,267	171,309	72,536	1,179,983	24,802	-	50,025	-	-	2,446,884	-	2,446,884
-	-	-	1,134,941	-	215,067	17,996	-	(1,586)	1,835,826	-	1,835,826
17,112	43,797	43,026	309,588	18,412	3,622	1,312	-	-	593,896	-	593,896
-	103,354	35,515	617,147	18,104	-	-	-	-	830,861	-	830,861
-	36,903	21,556	229,031	25,804	-	-	-	-	313,294	-	313,294
16,075	9,089	10,792	220,524	2,350	-	-	-	-	284,078	-	284,078
382	33	4,405	39,410	2,568	175	-	40	-	67,858	-	67,858
592,189	474,086	212,495	5,177,231	148,299	220,149	69,333	-	(1,586)	15,991,631	-	15,991,631
(102,333)	17,698	37,493	2,483,501	99,873	(137,481)	(1,106)	-	1,586	2,747,064	-	2,747,064
-	117	-	473,709	-	-	-	-	-	566,856	-	566,856
-	(101,600)	(45,109)	(441,151)	(34,430)	-	-	-	-	(622,290)	-	(622,290)
-	-	-	(966,401)	-	-	-	-	-	(966,401)	-	(966,401)
-	-	-	(327,536)	-	-	-	-	-	(327,536)	-	(327,536)
-	(101,483)	(45,109)	(1,261,379)	(34,430)	-	-	-	-	(1,349,371)	-	(1,349,371)
(102,333)	(83,785)	(7,616)	1,222,122	65,443	(137,481)	(1,106)	-	1,586	1,397,693	-	1,397,693
-	-	-	2,335,170	-	-	-	-	-	2,332,089	-	2,332,089
-	-	-	840,297	4,949	(957)	-	-	-	-	-	-
-	-	-	14,699	-	-	-	-	-	14,699	-	14,699
(102,333)	(83,785)	(7,616)	4,412,288	70,392	(138,438)	(1,106)	-	1,586	3,744,481	-	3,744,481
(48,113)	1,584,545	4,333,539	21,077,118	374,066	-	-	(190)	265	29,072,955	-	29,072,955
\$ (150,446)	\$ 1,500,760	\$ 4,325,923	\$ 25,489,406	\$ 444,458	\$ (138,438)	\$ (1,106)	\$ (190)	\$ 1,851	\$ 32,817,436	\$ -	\$ 32,817,436

Boulder County Housing Authority
Schedule of Federal Expenditures
December 31, 2014

Federal Agency/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture (USDA)			
<i>Direct Programs</i>			
Rural Rental Assistance Payments - Casa Esperanza (Section 514)	10.427		\$ 60,164
Rural Rental Assistance Payments - Prime Haven (Section 515)	10.427		125,174
Rural Rental Assistance Payments - Walter Self (Section 515)	10.427		56,214
			<u>241,552</u>
U.S. Department of Health and Human Services			
<i>Direct Programs</i>			
Low Income Energy Assistance Program	93.568		<u>489,856</u>
U.S. Department of Energy			
<i>Passed Through Colorado Governor's Energy Office</i>			
Weatherization Assistance for Low- Income Persons	81.042	C900822	786,183
Weatherization Assistance for Low- Income Persons - ARRA	81.042	C900886	151,418
			<u>937,601</u>
U.S. Department of Homeland Security			
<i>Direct Programs</i>			
Disaster Grants - Public Assistance (FEMA)	97.036		<u>64,037</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs</i>			
Housing - Choice Vouchers	14.871		<u>6,371,210</u>
Office of Public and Indian Housing	14.850		<u>31,738</u>
Office of Public and Indian Housing	14.872		<u>14,699</u>
Family Self-Sufficiency Coordinator	14.877		<u>191,480</u>
<i>Passed Through Colorado Housing and Finance Authority:</i>			
Comprehensive Housing Counseling	14.169	FR-5800-N-25	<u>35,386</u>
		CO0990036010 / CO99R000007 /	
Section 8 Housing Assistance Payments	14.195	NFMC R8	<u>213,752</u>
<i>Passed Through City of Boulder, Colorado</i>			
Community Development Block Grant/Entitlement Grants	14.218	B14MC080003	105,717
<i>Passed Through City of Broomfield, Colorado</i>			
Community Development Block Grant/Entitlement Grants	14.218	B14MC080011	3,050
<i>Passed Through City of Longmont, Colorado</i>			
Community Development Block Grant/Entitlement Grants	14.218	B14MC080011	40,000
<i>Passed Through Boulder County, Colorado</i>			
Community Development Block Grant/Entitlement Grants	14.218	SS.P9999900A1	891,000
			<u>1,039,767</u>

Boulder County Housing Authority
Schedule of Federal Expenditures
December 31, 2014

	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>Passed Through Boulder County, Colorado</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	H2CDB11051 / 84-0742772	46,186
<i>Passed Through Colorado Division of Housing</i>			
HOME Program - TBRA	14.239	H3HOM12056 / H5HOM14078	490,369
<i>Passed Through Colorado Coalition for the Homeless</i>			
ESG - Emergency Solutions Grant Program - Homelessness Prevention and Rapid Re-Housing	14.231	Extension 719	82,668
Total U.S. Department of Housing and Urban Development			8,517,255
Total Federal Expenditures			\$ 10,250,301

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Boulder County Housing Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Boulder County Housing Authority received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note B – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Boulder County Housing Authority's summary of significant accounting policies is presented in Note 1 in the Boulder County Housing Authority's basic financial statements.



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*

The Board of Commissioners
Boulder County Housing Authority
Boulder, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of the Boulder County Housing Authority (Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated July 10, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2014-A that we consider to be a significant deficiency.

Compliance and Other Matters

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

Entity's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Bismarck, North Dakota
July 10, 2015



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by OMB Circular A-133

The Board of Commissioners
Boulder County Housing Authority
Boulder, Colorado

Report on Compliance for Each Major Federal Program

We have audited Boulder County Housing Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

www.eidebailly.com

1730 Burnt Boat Loop, Ste. 100 | P.O. Box 1914 | Bismarck, ND 58502-1914 | T 701.255.1091 | F 701.224.1582 | EOE

Opinion on Each Major Federal Program

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 of each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal programs to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bismarck, North Dakota
July 10, 2015

Findings – Major Federal Award Programs Audit

**2013-001 U.S. Department of Housing and Urban Development - CFDA #14.871
Section 8 Housing Choice Vouchers
Eligibility**

Significant Deficiency in Internal Control over Compliance

Finding: During testing of tenant files, it was noted there was incorrect information used during the recertification process for current tenants. Income was not properly verified and entered into the rental assistance calculation.

***Status:* Resolved**

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers / Family Unification Program	14.871/14.880
Low Income Energy Assistance	93.568
Weatherization Assistance for Low Income Persons	81.042
Community Development Block Grant	14.218

Dollar threshold used to distinguish between type A and type B programs:	\$ 307,509
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2014-A Adjusting Journal Entries

Significant Deficiency in Internal Control over Financial Reporting

Condition: As part of our audit we proposed significant audit adjustments to the financial statements that were not detected by management.

Criteria: A complete system of internal control contemplates an adequate system for reconciling significant accounts and for recording and processing adjusting journal entries to the financial statements prior to the audit.

Effect: The control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Cause: Certain significant accounts were not reconciled and adjusted prior to the audit.

Recommendation: We recommend that account reconciliations are completed and all necessary adjustments and transactions are recorded by management prior to our audit.

Management’s Response and Corrective Action Plan (CAP)

Actions Planned in Response to the Finding: The Authority will ensure account reconciliations and all adjustments and transactions are recorded in the system prior to the audit.

Explanation of Disagreement: There is no disagreement with the audit finding.

Official Responsible for Ensuring Corrective Action: Will Kugel, Finance Director, is responsible for ensuring corrective action plan of the significant deficiency.

Planned Completion Date for the Corrective Action: December 31, 2015

Plan to Monitor Completion of Corrective Action: None. The Board of Commissioners will monitor the accounting function.

Section III – Federal Award Findings and Questioned Costs

None