Financial Statements
December 31, 2013

Boulder County Housing Authority

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, 2013, 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 opinion.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 15 to the financial statements, the Authority early adopted GASB Statement 69, *Government Combinations and Disposals of Government Operations*. This Statement provides specific accounting guidance for government combinations. As part of implementing this Statement, the Authority has restated net position. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the Authority adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* As discussed in Note 16 to the financial statements, the Authority has retroactively restated the previously reported net position to account for bond issuance costs in accordance with this Statement. Our opinion is not modified with respect to that matter.

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 23 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 compromise the Boulder County Housing Authority financial statements. The accompanying supplementary schedule on pages 59 through 62 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 59 through 62 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 59 through 62 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 August 18, 2014 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.

Eide Bailly LLP

Bismarck, North Dakota
August 18, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

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, 2013. 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 and on the Department's website http://www.bouldercounty.org/dept/housinghumanservices/pages/default.aspx.

2. Our Organization

The BCHA is a corporate body created in 1975. BCHA is committed to the residents of Boulder County to deliver innovative affordable housing solutions. In 2013, 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. BCHA was created as a Colorado Housing Authority, reporting within Boulder County. BCHA 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. In 2013, the following guiding principles for key housing portfolio targets over the next five years were developed by management:

- 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);
- BCHA's portfolio will be refinanced by 2014;
- BCHA's consolidation with Louisville Housing Authority will be completed by 2014;
- 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 2013 Financial Statements include:

- BCHA's refinance of the Long-term debt (Series 2004 Bonds) in a 2013 Bond Refinance;
- Closing and construction start of Aspinwall LLC;
- Federal Sequestration on the Housing Choice Voucher program;
- September 2013 Flood;
- Transfer of the final three properties under the 2012 four party intergovernmental agreement (IGA) between Louisville Housing Authority, BCHA, City of Louisville, and Boulder County. Transferred property assets to BCHA included Hillside Square, Regal Square, and Sunnyside Place (East Street).

Results and outlook for BCHA in 2014 include:

- Project completions and lease-up of Aspinwall, a 72-unit new construction and 95-unit rehabilitation projection in Lafayette, CO.
- Predevelopment planning of Alkonis, a 13 acre site in Louisville CO.
- Continued renovation of existing housing sites with 2012 and 2013 Bond proceeds.
- Property purchases for affordable housing land banking.
- A substantial increase in our 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 BCHA and the household.

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 35 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 Saint 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.

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 five-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

BCHA provides quality home weatherization and energy savings upgrades for eligible residents through its Longs Peak Energy Conservation and Weatherization Program. This unit assists residents reduce their utility bills, improve the health and safety of their homes, and improve the community's overall energy use and enhance sustainability with weatherization, home rehabilitation and neighborhood energy sweeps. This program is free for qualified homeowners and renters below 200% of FPL in Boulder, Broomfield, Gilpin and Larimer Counties, improving the energy conservation and the health and safety of its occupants. BCHA also operates a similar program called Energy Smart Plus for residents of Boulder County below 80% AMI. In this program costs are shared between BCHA and the homeowner.

Rehabilitation Services

This service helps income-qualifying homeowners in Boulder County with general repairs to their homes.

5. Using this Annual Report

This annual report consists of two parts: management's discussion and analysis (this section); the basic financial statements and required supplementary information. The basic financial statements include a series of financial statements. The Balance Sheet and the Statement of Activities 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, 2013 is as follows:

In December of 2013 an Intergovernmental Agreement (IGA) was executed and approved by BCHA Board of Commissioners to transfer funding $2.84 million from the primary government to BCHA for specific program activities. The activities included $1.44 million for Housing Stabilization Services, $1.0 million for potential development of additional properties, and $400 thousand for flood related rehabilitation activities.

In 2013 the BCHA issued Housing Revenue Bonds (Series 2013) for two purposes.

- $1,240,000 in bond proceeds were used to acquire the Sunnyside Apartments project. These bonds bear an interest rate of 3.36% and mature in October of 2023.
- $7,450,000 in bond proceeds were used to refinance the remaining Series 2004 Housing Revenue Bonds. These bonds bear an interest rate of 3.16% and have a final maturity date of January 2020.

In 2013 the Aspinwall New Construction and Revitalization Project was started, through BCHA. Aspinwall is comprised of the construction of 72 affordable rental units and the rehabilitation of 95 scattered-site units that are currently owned and managed by BCHA. This project will be fully located within Lafayette, CO. New construction is expected to be completed in late 2014.

The 72-unit new construction portion, called Aspinwall at Josephine Commons, is the 2nd phase of the development, after Josephine Commons Senior Housing (Phase I), which was completed in 2012. The 95 existing units will be renovated based on comprehensive needs assessments and will vary on scope of work, depending on the conditions.

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, in 2013, include one blended component unit 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. This entity separately issued financial statements.

Additionally, the statements include a second component unit, Josephine Commons, LLC.

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

Finally, the statements include a third component unit, Aspinwall, LLC. Aspinwall, LLC is a Colorado Limited Liability Company formed in 2012 and a legally separate entity from the BCHA. The majority interest of the Corporation is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of the Corporation, its powers are limited to those specifically authorized in the Corporation's Operating Agreement. Most significant transactions require approval of the investors. Accordingly, Aspinwall, LLC, 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 fund 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

Is BCHA as a whole better or worse off as a result of the year's activities? This is a very important question related to BCHA's finances. 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 in a way that helps to respond to this question. 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 assets and changes in them. BCHA's net asset, 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 the net assets are one indicator of whether its financial health is improving or deteriorating. Along with net assets, 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.

BCHA – Primary Government

A $1,803,029 increase in total current assets over the prior year is primarily due to an increase in cash of $1,416,083. In addition, accounts receivable increases were recorded to the amounts due from component units and from Boulder County.

In 2013 the notes receivable line increased by $11,903,345 primarily due to the addition of the $11,880,725 notes receivable for the Aspinwall project. The addition of this note receivable to the financials for 2013 is the driving factor to the increases in total assets and net position for the year.

Current liabilities increased by $269,220 compared to prior year. This is primarily due to the increase of payables due to Josephine Commons and other agencies. Combined these two items increased by $1,061,843 in 2013. These increases were offset by notable reductions to liabilities related to unearned revenues, $640,223 reduction, and notes, mortgages and bonds payable reductions of $340,636.

Total long-term liabilities increased by a small amount of $31,668 in 2013. This change represents only a 0.2% change from the prior year.

Total Net Position increased $9,649,692 in 2013 reaching the $29,072,955 level.

Balance Sheet - BCHA

	2013 - Primary Government	2012 - Primary Government	Change
Assets			
Current Assets			
Cash and cash equivalents	$ 8,146,665	$ 6,730,582	$ 1,416,083
Restricted cash and Cash equivalents	1,121,901	2,107,529	(985,628)
Accounts receivable:			
Tenants	5,551	10,856	(5,305)
Developer fees	1,531,672	1,546,219	(14,547)
Other	63,810	30,556	33,254
Accrued interest	727,330	445,293	282,037
Due from other agencies	519,324	931,293	(411,969)
Due From Component Units	1,194,439	263,867	930,572
Due From Boulder County	336,498	-	336,498
Notes receivable - current portion	-	20,054	(20,054)
Prepaid expenses	254,984	9,650	245,334
Inventory	97,899	101,145	(3,246)
Total Current Assets	14,000,073	12,197,044	1,803,029
Notes Receivable - net of current portion	15,455,669	3,552,324	11,903,345
Investment in Josephine Commons, LLC	86,400	86,400	-
Other Assets, net	-	336,871	(336,871)
Capital Assets			
Non-depreciable	5,931,597	6,688,154	(756,557)
Depreciable, net	15,596,497	18,322,199	(2,725,702)
Total Capital Assets	21,528,094	25,010,353	(3,482,259)
Total Assets	$ 51,070,236	$ 41,182,992	$ 9,887,244

Liabilities and Net Position			
Current Liabilities			
Accounts payable	$ 497,374	$ 319,418	$ 177,956
Accrued & other liabilities	172,636	155,833	16,803
Accrued compensated absences	15,021	168	14,853
Accrued interest payable	43,148	39,388	3,760
Unearned revenues	333,634	973,857	(640,223)
Due to Jospehine Commons	777,184	-	777,184
Due to other agencies	1,165,618	880,959	284,659
Tenant security deposits payable	101,921	127,057	(25,136)
Notes, mortgages and bonds payable - current portion	583,339	923,975	(340,636)
Total Current Liabilities	3,689,875	3,420,655	269,220
Long-Term Liabilities			
Accrued compensated absences	163,894	206,704	(42,810)
Notes, mortgages and bonds payable - net of current portion	18,143,512	18,132,370	11,142
Total Long-Term Liabilities	18,307,406	18,339,074	(31,668)
Total Liabilities	21,997,281	21,759,729	237,552
Net Position			
Invested in capital assets	2,801,243	6,877,983	(4,076,740)
Restricted	568,679	707,840	(139,161)
Unrestricted	25,703,033	11,837,440	13,865,593
Total Net Position	29,072,955	19,423,263	9,649,692
Total Liabilities and Net Position	$ 51,070,236	$ 41,182,992	$ 9,887,244

Josephine Commons – Component Unit

Josephine Commons, a 74-unit Senior Housing property, begin operations in September 2012. In September 2012, Josephine Commons Development, Phase I, received its certificate of occupancy and 74-units of senior housing began leasing up. This facility was fully leased by December 2012.

Josephine Commons, for the period had current assets totaling $1,412,132, composed of cash, restricted cash, restricted deposits, reserves and accounts receivable. The largest asset for Josephine Commons is depreciable assets, which totals $14,906,627, for buildings and Furniture, Fixtures and Equipment (FF&E). Assets grew in 2013 with Josephine Commons being fully operational with the addition of the restricted deposit and funded reserves of $351,177.

Current liabilities total $1,587,967, the largest balance being $1,345,395 for a Developer Fee Payable. The current liabilities decreased significantly in 2013 due to the elimination of the construction note payable.

Unrestricted net position is $10,415,329.

Balance Sheet - Josephine Commons, LLC

	2013 - Josephine Commons	2012 - Josephine Commons	Change
Assets			
Current Assets			
Cash and cash equivalents	$ 259,589	$ 316,654	$ (57,065)
Restricted cash and Cash equivalents	21,304	18,146	3,158
Restricted Deposits and Funded Reserves	351,177	-	351,177
Accounts receivable:			
Due from Boulder County Housing Authori	777,184	-	777,184
Other	2,878	2,809	69
Prepaid expenses	-	601	(601)
Total Current Assets	1,412,132	338,210	1,073,922
Other Assets, net	166,265	145,342	20,923
Capital Assets			
Non-depreciable	86,500	86,500	-
Depreciable, net	14,906,627	15,633,264	(726,637)
Total Capital Assets	14,993,127	15,719,764	(726,637)
Total Assets	$ 16,571,524	$ 16,203,316	$ 368,208

Liabilities and Net Position			
Current Liabilities			
Accounts payable	$ 17,745	$ 25,259	$ (7,514)
Accrued interest payable - construction	5,304	31,675	(26,371)
Accrued interest payable - long term debt	89,464	17,545	71,919
Accrued Wages and Salaries	29,486	4,616	24,870
Assest Management Fees	-	5,000	(5,000)
Other	-	10,021	(10,021)
Unearned revenues	4,208	4,610	(402)
Due to other agencies	-	263,867	(263,867)
Tenant security deposits payable	21,300	18,145	3,155
Developer fee payable	1,345,395	1,351,067	(5,672)
Construction note payable	75,065	11,357,120	(11,282,055)
Total Current Liabilities	1,587,967	13,088,925	(11,500,958)
Long-Term Liabilities			
Notes, mortgages and bonds payable - net of	4,568,228	1,615,893	2,952,335
Total Liabilities	6,156,195	14,704,818	(8,548,623)
Net Position			
Total Net Position	10,415,329	1,498,498	8,916,831
Total Liabilities and Net Position	$ 16,571,524	$ 16,203,316	$ 368,208

Aspinwall LLC – Component Unit

Aspinwall New Construction and Revitalization Project, is comprised of the construction of 72 affordable rental units and the rehabilitation of 95 scattered-site units that are currently owned and managed by BCHA. This project will be fully located within Lafayette, CO.

The 72-unit new construction portion, called Aspinwall at Josephine Commons, is the 2nd phase of the development, after Josephine Commons Senior Housing (Phase I), which was completed in 2012. The 95 existing units will be renovated based on comprehensive needs assessments and will vary on scope of work, depending on the conditions.

For 2013 Aspinwall had total assets of $20,231,192. Within this amount current assets totaled $1,586,909, composed of cash, restricted cash, restricted deposits, reserves and accounts receivable. The largest asset for Aspinwall is depreciable assets, which totals $18,644,283, for buildings and Furniture, Fixtures and Equipment (FF&E). This is the first year of reporting for Aspinwall, so prior year compatibles are not available.

In total Aspinwall has $18,531,389 recorded for total liabilities. Within this amount, current liabilities total $6,000,664, the largest balance being $2,715,720 for the construction note.

Unrestricted net position is $1,699,803.

Balance Sheet - Aspinwall, LLC

	2013 - Aspinwall	2012 - Aspinwall	Change
Assets			
Current Assets			
Cash and cash equivalents	$ 1,378,940	$ -	$ 1,378,940
Restricted cash and Cash equivalents	28,655	-	28,655
Restricted Deposits and Funded Reserves	162,402	-	162,402
Accounts receivable:			
Other	615	-	615
Prepaid expenses	16,297	-	16,297
Total Current Assets	1,586,909	-	1,586,909
Capital Assets			
Non-depreciable	13,248,420	-	13,248,420
Depreciable, net	5,395,863	-	5,395,863
Total Capital Assets	18,644,283	-	18,644,283
Total Assets	$ 20,231,192	$ -	$ 20,231,192

Liabilities and Net Position			
Current Liabilities			
Accounts payable	$ 22,272	$ -	$ 22,272
Accrued interest payable - contruction	1,740,620	-	1,740,620
Accured Expenses	180,139	-	180,139
Other	4,769	-	4,769
Due to other agencies	1,122,212	-	1,122,212
Tenant security deposits payable	28,655	-	28,655
Developer fee payable	186,277	-	186,277
Construction note payable	2,715,720	-	2,715,720
Total Current Liabilities	$ 6,000,664	$ -	$ 6,000,664
Long-Term Liabilities			
Notes, mortgages and bonds payable - net of current portion	12,530,725	-	12,530,725
Total Liabilities	18,531,389	-	18,531,389
Net Position			
Total Net Position	1,699,803	-	1,699,803
Total Liabilities and Net Position	$ 20,231,192	$ -	$ 20,231,192

9. Financial Statements - Summary of Revenues, Expenses and Changes in Net Position

BCHA

Operating revenues increased by $5,706,748 in 2013. This increase in revenues was primarily driven by increases to the HUD PHA grants and other grants received by BCHA. In addition, there was $4.8M in funding transferred from the primary government for funding of various programs. Developer fee revenues decreased in 2013 with Josephine Commons in an operational state and the Aspinwall project just beginning.

The management fees for certain properties and administrative fee for Section 8, totaled $195,409 and $461,933, respectively. Total operating and non-operating revenues are $16,296,081.

Administrative costs for administrative and maintenance salaries and benefits totaled $3.8 million. Housing Assistance Payments totaled $6.4 million. Regular and extraordinary maintenance, direct client program expenses and other administrative expenses totaled $4.0 million.

The utility year-to-date expense for water, sewer, electricity, gas and trash removal, is $344,281, averaging $28,690 per month. Insurance expense totaled $290,486 and is paid quarterly. Total operating expenses are $15,887,763. The increase in operating expenses of $5,546,067 over 2012 is because the 2013 include Housing Assistance payments as an operating expense, where in past year this expense was included in the non-operating section.

Net operating income is $408,318 and Change in Net Position is $7,921,313 before write off of prior year financing costs and the merger with LHA.

Statement of Revenues, Expenses and Changes in Net Position - BCHA

	2013 - Primary Government	2012 - Primary Government	Change
Operating Revenues			
HUD PHA grants	$ 8,184,104	$ 3,242,995	$ 4,941,109
Other grants	4,978,155	2,902,742	2,075,413
Rental income	2,109,084	1,945,916	163,168
Administration fees	461,933	507,567	(45,634)
Management fees	195,409	340,149	(144,740)
Developer fee income	186,277	1,333,359	(1,147,082)
Other	232,543	316,605	(84,062)
Total operating revenues	16,347,505	10,589,333	5,758,172
Operating Expenses			
Housing Assistance Payments	6,424,490	-	6,424,490
Adminsitrative salaries and benefits	2,191,724	2,018,803	172,921
Maintenance salaries and benefits	1,666,686	2,233,993	(567,307)
Regular and extraordinary maintenance	1,802,785	1,947,110	(144,325)
Other administrative	683,796	1,011,855	(328,059)
Direct client expense	1,589,855	1,252,183	337,672
Depreciation & Amortization	822,222	1,147,704	(325,482)
Utilities	344,281	297,468	46,813
Insurance	290,486	354,038	(63,552)
Other expenses	71,438	78,542	(7,104)
Total operation expenses	15,887,763	10,341,696	5,546,067
Operating Income (Loss)	459,742	247,637	212,105
Non-Operating Revenues (Expenses)			
HAP Income	-	6,238,933	(6,238,933)
Housing assistance payments	-	(6,209,958)	6,209,958
Interest income	276,197	151,183	125,014
Interest expense	(718,201)	(830,491)	112,290
Gain or loss	3,228,888	-	3,228,888
Development expenses for Josephine Commons, LLC	-	(784,460)	784,460
Other	(446,313)	-	(446,313)
Total Non-Operating Revenues (Expenses)	2,340,571	(1,434,793)	3,775,364
Gain or (Loss) before transfers	2,800,313	(1,187,156)	3,987,469
Transfers from primary government	5,121,000	456,512	4,664,488
Change in Net Position	7,921,313	(730,644)	8,651,957
Net Position Beginning of Year, as originally	19,423,263	19,061,300	361,963
Write off of financing costs - Note 16	(343,922)	-	-
Merger with LHA - Note 15	2,072,301	1,092,607	979,694
Net Position, Beg of year, as restated	21,151,642	20,153,907	997,735
Net Position - End of Year	$ 29,072,955	$ 19,423,263	$ 9,649,692

Josephine Commons – Component Unit

Josephine Commons had 2013 revenues of $694,532, primarily from rental income. This presentation includes depreciation expense (non-cash) as operating expenses, resulting in an operating gain of $29,155. Interest and debt expense is a non-operating expense and when combined with net income, the final 2013 show a net loss of $351,806.

Statement of Revenues, Expenses and Changes in Net Position - Josephine Commons

	2013 - Josephine Commons	2012 - Josephine Commons	Change
Operating Revenues			
Rental income	$ 678,399	$ 183,435	$ 494,964
Tenant Charges	1,869	-	1,869
Other	14,264	2,145	12,119
Total operating revenues	$ 694,532	$ 185,580	$ 508,952
Operating Expenses			
Maintenance and operating	102,551	28,703	73,848
Utilities	76,649	25,558	51,091
Other administrative	55,713	34,067	21,646
Taxes ans Insurance	31,636	10,676	20,960
Depreciation	391,707	235,193	156,514
Asset Management Fee	7,121	5,000	2,121
Total operation expenses	$ 665,377	$ 339,197	$ 326,180
Operating Income (Loss)	29,155	(153,617)	182,772
Non-Operating Revenues (Expenses)			
Interest income	4	1	3
Interest expense	(380,965)	(123,734)	(257,231)
Total Non-Operating Revenues (Expenses)	(380,961)	(123,733)	(257,228)
Gain or (Loss) before transfers	(351,806)	(277,350)	(74,456)
Change in Net Position	(351,806)	(277,350)	(74,456)
Net Position Beginning of Year, as originally	1,498,498	1,846,368	(347,870)
Prior period adjustment	-	(70,520)	70,520
Contributions	9,268,637	-	9,268,637
Net Position, Beg of year, as restated	10,767,135	1,775,848	8,991,287
Net Position - End of Year	$ 10,415,329	$ 1,498,498	$ 8,916,831

Aspinwall – Component Unit

Aspinwall had 2013 revenues of $622,459, primarily from rental income. This presentation includes depreciation expense (non-cash) as operating expenses, resulting in an operating gain of $420,414. Interest and debt expense is a non-operating expense and when combined with net income, the final 2013 data shows a net gain of $361,082.

Statement of Revenues, Expenses and Changes in Net Position - Aspinwall

	2013 - Aspinwall	2012 - Aspinwall	Change
Operating Revenues			
Rental income	$ 336,256	$ -	$ 336,256
Tenant Charges	4,180	-	4,180
Other	485	-	485
Total operating revenues	$ 340,921	$ -	$ 340,921
Operating Expenses			
Maintenance and operating	53,495	-	53,495
Utilities	49,559	-	49,559
Other administrative	30,061	-	30,061
Taxes and Insurance	8,710	-	8,710
Asset Management Fee	2,083	-	2,083
Depreciation	58,137	-	58,137
Total operation expenses	$ 202,045	$ -	$ 202,045
Operating Income (Loss)	138,876	-	138,876
Non-Operating Revenues (Expenses)			
Interest expense	(59,332)	-	(59,332)
Interest Income	41	-	41
Gain on purchase of property	281,497	-	281,497
Total Non-Operating Revenues (Expenses)	$ 222,206	$ -	$ 222,206
Gain or (Loss) before transfers	361,082	-	361,082
Change in Net Position	361,082	-	361,082
Net Position Beginning of Year, as originally stated	-	-	-
Contributions	1,338,721	-	1,338,721
Net Position - End of Year	$ 1,699,803	$ -	$ 1,699,803

10. BCHA as a Whole

BCHA's Net Position was higher as a result of financial activity in 2013, increasing from $19,423,262 to $29,072,955, a positive change of $9,649,692. The primary reason for the positive change was the sale of properties to Aspinwall, LLC. The Authority received notes receivable in lieu of cash for this sale.

Net assets increased 23.8% or $9,825,075 over the prior year and final Net Position increased 49.4% or $9,598,150. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from a $11,837,440 to an ending balance of $25,703,033 in 2013. The increase in unrestricted net position was due primarily to the sale of properties to Aspinwall, LLC and the merger with LHA.

BCHA's total operating revenues increased by approximately $5,706,748 or 53.9%, primarily due to an increase in Federal grants, and the transfer of funding from the primary government for various programs. The transfer from the primary government was mainly for the purpose of pass through funding for specific programs, the development of Aspinwall, LLC and rehabilitation related to the flood of 2013. The total cost for all operating expenses, programs and services increased by $5,546,067 or 53.6%. The expenses match sources budgeted for programs and services.

11. Capital Asset and Long-Term Liabilities

Capital Assets

BCHA

The Authority's Capital Assets (net of accumulated depreciation) total $21,528,094 compared to $25,010,353 in 2012. BCHA capital assets decreased due to with transfers out of property assets to the Aspinwall project in 2013. Land and buildings/ buildings improvements from these properties transferred from BCHA to Aspinwall totaled $2.5million. Also during 2013, LHA properties were merged in and subsequently rehabbed.

BCHA Capital Assets, Transfers, Additions, Disposals

	Balance 12/31/2012	Transfers	Additions	Disposals	Balance 12/31/2013
Nondepreciable assets:					
Land	$ 4,911,406	$ -	$ 362,524	$ (1,508,815)	$ 3,765,115
DIP	1,776,748	-	1,261,769	(872,035)	2,166,482
Total capital assets, not being depreciated	6,688,154	-	1,624,293	(2,380,850)	5,931,597
Depreciable assets:					
Computer Equip/Software	47,819	-	-	-	47,819
Furniture & Fixtures	116,594	14,136	14,136	-	130,730
Buildings & Improvements	28,948,686	4,762,967	-	(6,854,157)	26,857,496
Vehicles	791,623	-	-	(66,445)	725,178
Total Buildings and Equipment	29,904,722	4,777,103	14,136	(6,920,602)	27,761,223
Accumulated depreciation:					
Computer Equip/Software	(47,819)	-	-	-	(47,819)
Furniture & Fixtures	(52,215)	-	-	-	(52,215)
Buildings & Improvements	(10,762,733)	(3,163,802)	-	2,521,678	(11,404,857)
Vehicles	(719,756)	-	-	59,921	(659,835)
Total accumulated depreciation	(11,582,523)	(3,163,802)	-	2,581,599	(12,164,726)
Total capital assets being depreciated	18,322,199	1,613,301	14,136	(4,339,003)	15,596,497
Total capital assets, net	$ 25,010,353	$ 1,613,301	$ 1,638,429	$ (6,719,853)	$ 21,528,094

Josephine Commons – Component Unit

The Josephine Commons capital assets (net of accumulated depreciation) equal $14,993,127 compared to 15,730,739 in the prior year. The changes from 2012 to 2013 include $384,800 in depreciation booked in 2013 and a $352,812 adjustment to buildings and improvements.

Josephine Commons

	Balance 12/31/2012	Transfers	Additions	Disposals	Balance 12/31/2013
Nondepreciable assets:					
Land	$ 86,500	$ -	$ -	$ -	$ 86,500
DIP	-	-	-	-	-
Total capital assets, not being depreciated	86,500	-	-	-	86,500
Depreciable assets:					
Land Improvements	1,534,359	-	-	-	1,534,359
Furniture & Fixtures	465,050	-	-	-	465,050
Buildings & Improvements	13,878,016	-	-	(352,812)	13,525,204
Total Buildings and Equipment	15,877,425	-	-	(352,812)	15,524,613
Accumulated depreciation:					
Land Improvements	(34,097)	-	(68,194)	-	(102,291)
Furniture & Fixtures	(31,003)	-	(31,004)	-	(62,007)
Buildings & Improvements	(168,086)	-	(285,602)	-	(453,688)
Total accumulated depreciation	(233,186)	-	(384,800)	-	(617,986)
Total capital assets being depreciated	15,644,239	-	(384,800)	(352,812)	14,906,627
Total capital assets, net	$ 15,730,739	$ -	$ (384,800)	$ (352,812)	$ 14,993,127

Aspinwall – Component Unit

Aspinwall reported $18,694,283 in total capital assets. This is the first year of reporting this data and therefore no prior year comparable information is available.

Aspinwall

	Balance 12/31/2012	Transfers	Additions	Disposals	Balance 12/31/2013
Nondepreciable assets:					
Land	$ -	$ -	$ 3,387,965	$ -	$ 3,387,965
Land - Development in progress	-	-	9,860,455	-	9,860,455
Total capital assets, not being depreciated	-	-	13,248,420	-	13,248,420
Depreciable assets:					
Computer Equip/Software	-	-	-	-	-
Furniture & Fixtures	-	-	25,738	-	25,738
Buildings & Improvements	-	-	5,478,262	-	5,478,262
Vehicles	-	-	-	-	-
Total Buildings and Equipment	-	-	5,504,000	-	5,504,000
Accumulated depreciation:					
Computer Equip/Software	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-
Buildings & Improvements	-	-	(58,137)	-	(58,137)
Vehicles	-	-	-	-	-
Total accumulated depreciation	-	-	(58,137)	-	(58,137)
Total capital assets being depreciated	-	-	5,445,863	-	5,445,863
Total capital assets, net	$ -	$ -	$ 18,694,283	$ -	$ 18,694,283

Long-Term Debt Administration

BCHA

BCHA's long-term debt totals $18,726,851 with $16,068,120 from bonds payable at December 31, 2013. Overall the total long-term debt level was reduced by $329,494 in 2013.

During 2013, there were principal and interest payments and refinance transactions to notes, mortgages and bonds payable for $9,707,654. Total regular principal payments totaled $617,653 while loan and bond payoffs at refinance totaled $9,090,000. Increases to long-term debt totaled $9,378,160, including the issuance of new debt of $1,240,000 in Series 2013 Housing Revenue Bonds at 3.36% and $7,450,000 in 2013 Series Housing Revenue Bonds at 3.16%.

Josephine Commons – Component Unit

Long-term debt for Josephine Commons, LLC equals $4,643,293 at December 31, 2013, which is related to notes and mortgages payable on the property. The total debt is composed of six (6) mortgage notes payables, four (4) at 4.3% interest rate, one (1) at 7.0% interest rate and one (1) note payable at a 0.5% interest rate.

Aspinwall – Component Unit

Long-term debt for Aspinwall, LLC equals $12,530,725 as of December 31, 2013, which is related to notes associated with the development of the project. The total debt is composed of nine (9) notes payables, four (4) at 1.80% interest rate, four (4) at 2.80% interest rate and one (1) note payable at a 6.75% interest rate.

12. Statistical Data

BCHA's major programs, services and outputs in 2013 are:

PROGRAM	SERVICE	OUTPUT
Affordable Housing	Low Income Housing	559 Affordable Units
Housing Choice Vouchers	Rental Assistance for Low Income Families	799 Housing Vouchers
Family Self Sufficiency	Family Unification Vouchers for housing	50 FUP Vouchers
Veterans Supportive Housing	Veterans Affairs Supportive Housing (VASH)	25 Housing Vouchers
Tenant Based Rent Assistance	Families with school age children rental assistance	30 Vouchers
Client services	Integrated case management services	1,500 families
Weatherization	Home weatherization services to eligible families	326 homes

13. Economic Factors and Budget Impacts

Significant economic factors affecting the Authority in 2013 are as follows:

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

These factors were taken into account when developing the budget for 2014.

Significant economic factors affecting the Authority in 2014 are as follows:

- Flood recovery work, new contracts, and reimbursements in association with the 2013 natural disaster.
- Financial, construction, and lease up risk associated with the Aspinwall project, which include 72 units of new construction and 95 units designated for substantial renovation.

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.

	Primary Government	Discretely Presented Component Units
Assets		
Current Assets		
Cash and cash equivalents	$ 8,146,665	$ 1,638,529
Restricted cash and cash equivalents	1,121,901	563,538
Accounts receivable		
Tenants	5,551	3,493
Developer fees	1,531,672	-
Other	63,810	-
Accrued interest	727,330	-
Due from Boulder County Housing Authority	-	777,184
Due from other agencies	519,324	-
Due from component units	1,194,439	-
Due from Boulder County	336,498	-
Prepaid expenses	254,984	16,297
Inventory	97,899	-
Total Current Assets	14,000,073	2,999,041
Notes Receivable	15,455,669	-
Investment in Josephine Commons, LLC	86,400	-
Other Assets, net of accumulated amortization	-	166,265
Capital Assets		
Non-depreciable	5,931,597	13,284,920
Depreciable, net	15,596,497	20,352,490
Total Capital Assets	21,528,094	33,637,410
Total Assets	$ 51,070,236	$ 36,802,716

Liabilities and Net Position	Primary Government	Discretely Presented Component Units
Current Liabilities		
Accounts payable	$ 497,374	$ 1,780,637
Accrued liabilities	172,636	11,705
Accrued compensated absences	15,021	-
Accrued interest payable	43,148	220,484
Unearned revenues	333,634	8,954
Due to Josephine Commons	777,184	-
Due to Boulder County Housing Authority	-	1,194,439
Due to other agencies	1,165,618	-
Tenant security deposits payable	101,921	49,955
Developer fee payable	-	1,531,672
Construction note payable	-	2,715,720
Notes, mortgages and bonds payable - current portion	583,339	75,065
Total Current Liabilities	3,689,875	7,588,631
Long-Term Liabilities		
Accrued compensated absences	163,894	-
Notes, mortgages and bonds payable - net of current portion	18,143,512	17,098,953
Total Long-Term Liabilities	18,307,406	17,098,953
Total Liabilities	21,997,281	24,687,584
Net Position		
Net investment in capital assets	2,801,243	13,747,672
Restricted	568,679	-
Unrestricted	25,703,033	(1,632,540)
Total Net Position	29,072,955	12,115,132
Total Liabilities and Net Position	$ 51,070,236	$ 36,802,716

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	$ 8,184,104	$ -
Other grants	4,978,155	-
Rental income	2,109,084	1,014,655
Administration fees	461,933	-
Management fees	195,409	-
Developer fee income	186,277	-
Other	232,543	20,798
Total operating revenues	16,347,505	1,035,453
Operating Expenses		
Housing assistance payments	6,424,490	-
Administrative salaries and benefits	2,191,724	5,663
Maintenance salaries and benefits	1,666,686	69,549
Regular and extraordinary maintenance	1,802,785	86,497
Direct client expenses	1,589,855	-
Other administrative	683,796	80,111
Depreciation and amortization	822,222	449,844
Utilities	344,281	126,208
Insurance	290,486	40,346
Other expenses	71,438	9,204
Total operating expenses	15,887,763	867,422
Operating Income	459,742	168,031
Non-Operating Revenues (Expenses)		
Interest income	276,197	45
Interest expense	(718,201)	(440,297)
Gain on sale of property	3,228,888	-
Other	(446,313)	281,497
Total Non-Operating Revenues (Expenses)	2,340,571	(158,755)
Income Before Transfers and Other Contributions	2,800,313	9,276
Contributions		
Partner contributions	-	10,607,358
Transfers from primary government	5,121,000	-
Change in Net Position	7,921,313	10,616,634
Net Position - Beginning of Year, as originally reported	19,423,263	1,498,498
Write-off of financing costs - Note 16	(343,922)	-
Merger with Louisville Housing Authority - Note 15	2,072,301	-
Net Position - Beginning of Year, as restated	21,151,642	1,498,498
Net Position - End of Year	$ 29,072,955	$ 12,115,132

	Primary Government	Discretely Presented Component Units
Operating Activities		
HUD PHA grants	$ 8,184,104	$ -
Other grants	4,350,386	-
Receipts from tenants	2,060,377	1,050,148
Administration fees	461,933	-
Management fee income	195,409	-
Developer fee income	200,824	-
Other income	199,289	20,798
Housing assistance payments	(6,424,490)	-
Payments to employees	(3,886,367)	(24,051)
Payments to suppliers	(4,567,446)	(342,134)
Net Cash from Operating Activities	774,019	704,761
Noncapital Financing Activities		
Payment of flood disaster costs and other	(371,141)	-
Advances from (payments to) related party	(77,917)	424,743
Transfers in from primary government	5,121,000	-
Net Cash Provided by Noncapital Financing Activities	4,671,942	424,743
Capital and Related Financing Activities		
Proceeds from issuance of construction note payable	-	2,715,720
Principal payments on construction note payable	-	(8,357,120)
Principal payments on long-term debt	(10,660,959)	-
Proceeds from long-term debt borrowings	9,133,650	677,400
Interest paid on long-term debt	(714,441)	(309,046)
Payments on developer fee payable	(195,176)	(5,672)
Contributions	-	10,607,358
Acquisition of capital assets	(1,261,769)	(4,563,092)
Proceeds from sale of capital assets	9,873,569	-
Acquisition of other assets	-	(27,830)
Net Cash from Capital and Related Financing Activities	6,174,874	737,718
Investing Activities		
Receipts on notes receivable	36,221	-
Issuance of notes receivable	(11,919,512)	-
Cash received from merger with Louisville Housing Authority	698,751	-
Interest income	(5,840)	45
Net Cash from (used for) Investing Activities	(11,190,380)	45
Net Change in Cash and Cash Equivalents	430,455	1,867,267
Cash and Cash Equivalents, Beginning of Year	8,838,111	334,800
Cash and Cash Equivalents, End of Year	$ 9,268,566	$ 2,202,067

	Primary Government	Presented Component Units
Reconciliation of Cash and Cash Equivalents		
Cash	$ 8,146,665	$ 1,638,529
Restricted Cash	1,121,901	563,538
Total Cash and Cash Equivalents	$ 9,268,566	$ 2,202,067
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 459,742	$ 168,031
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation and amortization	822,222	449,844
Changes in assets and liabilities		
Change in receivables	(12,187)	(684)
Change in prepaid expenses	(245,334)	(15,696)
Change in inventory	3,246	-
Change in accounts payable	155,821	32,581
Change in accrued expenses	(11,154)	34,508
Change in unearned revenues	(640,223)	4,367
Change in due to other agencies	284,659	-
Change in security deposits payable	(42,773)	31,810
Net Cash Provided by Operating Activities	$ 774,019	$ 704,761

	Josephine Commons, LLC	Aspinwall, LLC	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 259,589	$ 1,378,940	$ 1,638,529
Restricted cash and cash equivalents	372,481	191,057	563,538
Accounts receivable			
Tenants	2,878	615	3,493
Due from BCHA	777,184	-	777,184
Prepaid expenses	-	16,297	16,297
Total Current Assets	1,412,132	1,586,909	2,999,041
Other Assets, net of accumulated amortization	166,265	-	166,265
Capital Assets			
Non-depreciable	86,500	13,198,420	13,284,920
Depreciable, net	14,906,627	5,445,863	20,352,490
Total Capital Assets	14,993,127	18,644,283	33,637,410
Total Assets	$ 16,571,524	$ 20,231,192	$ 36,802,716

Liabilities and Net Position	Josephine Commons, LLC	Aspinwall, LLC	Total
Current Liabilities			
Accounts payable	$ 17,745	$ 1,762,892	$ 1,780,637
Accrued liabilities	5,304	6,401	11,705
Accrued interest payable	89,464	131,020	220,484
Due to BCHA	29,486	1,164,953	1,194,439
Unearned revenues	4,208	4,746	8,954
Tenant security deposits payable	21,300	28,655	49,955
Developer fee payable	1,345,395	186,277	1,531,672
Construction note payable	-	2,715,720	2,715,720
Notes, mortgages and bonds payable - current portion	75,065	-	75,065
Total Current Liabilities	1,587,967	6,000,664	7,588,631
Long-Term Liabilities			
Notes, mortgages and bonds payable - net of current portion	4,568,228	12,530,725	17,098,953
Total Long-Term Liabilities	4,568,228	12,530,725	17,098,953
Total Liabilities	6,156,195	18,531,389	24,687,584
Net Position			
Net investment in capital assets	10,349,834	3,397,838	13,747,672
Restricted	-	-	-
Unrestricted	65,495	(1,698,035)	(1,632,540)
Total Net Position	10,415,329	1,699,803	12,115,132
Total Liabilities and Net Position	$ 16,571,524	$ 20,231,192	$ 36,802,716

	Josephine Commons, LLC	Aspinwall, LLC	Total
Operating Revenues			
Rental income	$ 678,399	$ 336,256	$ 1,014,655
Other	16,133	4,665	20,798
Total operating revenues	694,532	340,921	1,035,453
Operating Expenses			
Administrative salaries and benefits	5,663	-	5,663
Maintenance salaries and benefits	41,513	28,036	69,549
Regular and extraordinary maintenance	61,038	25,459	86,497
Other administrative	50,050	30,061	80,111
Depreciation and Amortization	391,707	58,137	449,844
Utilities	76,649	49,559	126,208
Insurance	31,636	8,710	40,346
Other expenses	7,121	2,083	9,204
Total operating expenses	665,377	202,045	867,422
Operating Income	29,155	138,876	168,031
Non-Operating Revenues (Expenses)			
Interest income	4	41	45
Interest expense	(380,965)	(59,332)	(440,297)
Other income	-	281,497	281,497
Total Non-Operating Revenues (Expenses)	(380,961)	222,206	(158,755)
Income (Loss) Before Other Contributions	(351,806)	361,082	9,276
Other Contributions			
Partner Contributions	9,268,637	1,338,721	10,607,358
Change in Net Position	8,916,831	1,699,803	10,616,634
Net Position - Beginning of Year	1,498,498	-	1,498,498
Net Position - End of Year	$ 10,415,329	$ 1,699,803	$ 12,115,132

	Josephine Commons, LLC	Aspinwall, LLC	Total
Operating Activities			
Receipts from tenants	$ 681,083	$ 369,065	$ 1,050,148
Other income	16,133	4,665	20,798
Payments to employees	(24,051)	-	(24,051)
Payments to suppliers	(256,976)	(85,158)	(342,134)
Net Cash from Operating Activities	416,189	288,572	704,761
Noncapital Financing Activity			
Advances from (payments to) related party	(697,469)	1,122,212	424,743
Capital and Related Financing Activities			
Proceeds from issuance of construction note payable	-	2,715,720	2,715,720
Principal payments on construction note payable	(8,357,120)	-	(8,357,120)
Proceeds from long-term debt borrowings	27,400	650,000	677,400
Interest paid on long-term debt	(309,046)	-	(309,046)
Payment on developer fee payable	(5,672)	-	(5,672)
Partner contributions	9,268,637	1,338,721	10,607,358
Acquisition of capital assets	(17,823)	(4,545,269)	(4,563,092)
Acquisition of other assets	(27,830)	-	(27,830)
Net Cash from Capital and Related Financing Activities	578,546	159,172	737,718
Investing Activity			
Interest income	4	41	45
Net Change in Cash and Cash Equivalents	297,270	1,569,997	1,867,267
Cash and Cash Equivalents, Beginning of Year	334,800	-	334,800
Cash and Cash Equivalents, End of Year	$ 632,070	$ 1,569,997	$ 2,202,067

	Josephine Commons, LLC	Aspinwall, LLC	Total
Reconciliation of Cash and Cash Equivalents			
Cash	$ 259,589	$ 1,378,940	$ 1,638,529
Restricted Cash	372,481	191,057	563,538
Total Cash and Cash Equivalents	$ 632,070	$ 1,569,997	$ 2,202,067

	Josephine Commons, LLC	Aspinwall, LLC	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	$ 29,155	$ 138,876	$ 168,031
Adjustments to reconcile change in net position to net cash provided by operating activities			
Depreciation and amortization	391,707	58,137	449,844
Changes in assets and liabilities			
Change in receivables	(69)	(615)	(684)
Change in prepaid expenses	601	(16,297)	(15,696)
Change in accounts payable	10,309	22,272	32,581
Change in accrued expenses	(18,267)	52,775	34,508
Change in unearned revenues	(402)	4,769	4,367
Change in security deposits payable	3,155	28,655	31,810
Net Cash Provided by Operating Activities	$ 416,189	$ 288,572	$ 704,761

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 537 units of affordable housing in Boulder County and administers 724 Section 8 housing choice vouchers, 50 family unification program (FUP) vouchers, and 35 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.

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, 2013. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

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

Aspinwall LLC (Aspinwall) was formed to develop, construct, rehabilitate, own, maintain, and operate a 167 unit multi-family complex for low-income and elderly residents. The project is to include 95 scattered site-rehabilitated units and 72 new construction units in Lafayette, Colorado. The project purchased the scattered sites in August 2013 and began operations. Construction is currently in progress on the 72 new construction units. 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 $5,306.

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 equipment	4-15 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, 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 assets are available.

Accumulated Unpaid Vacation and Sick Leave

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

Unearned Revenues

As of December 31, 2013, unearned revenue consisted of prepaid rents from tenants of $11,555 and grant revenues received but not yet earned of $322,079.

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 Pronouncements

In January 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* (Statement). The Statement establishes accounting and financial reporting standards related to government combinations and disposals of governmental operations. The statement is effective for periods beginning after December 15, 2013; however, early implementation is encouraged. The Authority elected to implement the statement in the prior year.

Boulder County Housing Authority has implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities.* The main provision of the statement is the recognition of debt issuance costs as period costs that would have previously been capitalized as intangible assets and amortized over the term of the debt.

The GASB also issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and 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 2013.

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, 2013, the Organization's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2013, the Authority's carrying amount of deposits was $9,268,566 and bank balances totaled $9,157,812. Of the bank balances, $588,505 was covered by Federal Depository Insurance. Of the remaining balances for 2013, $8,569,307 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, 2013 mature within 1 year.

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 Unites 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, 2013, investments held by the Authority are held in a money market, a local government investment pool and a repurchase agreement totaling $149,238, $1,537,729 and $1,328,534, respectively. 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 AAAm by Standard & Poor’s.

At December 31, 2013, the Authority had $1,537,729 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pools surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at $1.00.

Discretely Presented Component Units

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Josephine Commons, LLC’s and Aspinwall, LLC’s deposits may not be returned to them. As of December 31, 2013, Josephine Commons, LLC’s and Aspinwall, LLC’s deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC).

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

The Authority holds second mortgages on two houses built through the Youthbuild program which accrues interest at a below-market interest rate and are payable upon sale by the owners. At December 31, 2013, the balance totaled $91,590 on the two notes.

The Authority holds a note from the Eagle Place Partners, LLLP in the amount of $1,000,000. Interest accrues at 5% per annum on the outstanding principal. The covenants of the note require Eagle Place Partners, LLLC 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 receivable at December 31, 2013 totaled $431,034. Accrued interest and principal payments are subject to cash flow distributions in the partnership agreement. No accrued interest payments were made during the year. This note matures in April 2047.

The Authority holds a second note from the Eagle Place Partners, LLLP in the amount of $559,000. Interest accrues at 3% per annum on the outstanding principal. The covenants of the note require Eagle Place Partners, LLLC 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 receivable at December 31, 2013 totaled $96,968. Accrued interest and principal payments are subject to cash flow distributions in the partnership agreement. No accrued interest payments were made during the year. This note matures in July 2048.

The Authority holds thirty-five notes for the Boulder County Rehabilitation Program. The amount of these notes receivable totals $281,061 at December 31, 2013. These are notes issued to low-income residents of Boulder County who receive rehabilitation services on their home. Interest rates vary from 1% to 5%. Thirteen of the thirty-seven notes are deferred with principal and interest due at maturity.

The Authority holds $1,643,293 notes receivable for the Josephine Commons project. Accrued interest receivable on these notes totaled $71,964 at December 31, 2013. Terms of these notes are included in Note 7 to the financial statements.

The Authority holds $11,880,725 notes receivable for the Aspinwall project. Accrued interest receivable on these notes totaled $127,364 at December 31, 2013. Terms of these notes are included in Note 7 to the financial statements.

Note 5 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2013:

Primary Government

	Balance 12/31/12	Transfers In/Out	Additions	Disposals	Balance 12/31/13
Nondepreciable assets:					
Land	$ 4,911,406	$ 362,524	$ -	$ (1,508,815)	$ 3,765,115
Construction in progress	1,776,748	-	1,261,769	(872,035)	2,166,482
Total capital assets not being depreciated	6,688,154	362,524	1,261,769	(2,380,850)	5,931,597
Depreciable assets:					
Computer equipment/software	47,819	-	-	-	47,819
Furniture and fixtures	116,594	14,136	-	-	130,730
Buildings and improvements	28,948,686	4,762,967	-	(6,854,157)	26,857,496
Vehicles	791,623	-	-	(66,445)	725,178
Total buildings and improvements	29,904,722	4,777,103	-	(6,920,602)	27,761,223
Accumulated depreciation					
Computer equipment/software	(47,819)	-	-	-	(47,819)
Furniture and fixtures	(52,215)	-	-	-	(52,215)
Buildings and improvements	(10,762,733)	(3,163,802)	-	2,521,678	(11,404,857)
Vehicles	(719,756)	-	-	59,921	(659,835)
Total accumulated depreciation	(11,582,523)	(3,163,802)	-	2,581,599	(12,164,726)
Total capital assets being depreciated	18,322,199	1,613,301	-	(4,339,003)	15,596,497
Total capital assets, net	$ 25,010,353	$ 1,975,825	$ 1,261,769	$ (6,719,853)	$ 21,528,094

Discretely Presented Component Units

	Balance 12/31/12	Additions	Disposals	Balance 12/31/13
Nondepreciable assets:				
Land	$ 86,500	$ 3,387,965	$ -	$ 3,474,465
Construction in process	-	9,810,455	-	9,810,455
Total capital assets not being depreciated	86,500	13,198,420	-	13,284,920
Depreciable assets:				
Land improvements	1,534,359	-	-	1,534,359
Furniture and fixtures	465,050	25,738	-	490,788
Buildings and improvements	13,878,016	5,478,262	(352,812)	19,003,466
Total buildings and improvements	15,877,425	5,504,000	(352,812)	21,028,613
Accumulated depreciation				
Land improvements	(34,097)	(68,194)	-	(102,291)
Furniture and fixtures	(31,003)	(31,004)	-	(62,007)
Buildings and improvements	(168,086)	(343,739)	-	(511,825)
Total accumulated depreciation	(233,186)	(442,937)	-	(676,123)
Total capital assets being depreciated	15,644,239	5,061,063	(352,812)	20,352,490
Total capital assets, net	$ 15,730,739	$ 18,259,483	$ (352,812)	$ 33,637,410

Construction Contract

The Authority has entered into a construction contract with Pinkard Construction Company in the amount of $1,300,000 in connection with the rehabilitation of the properties transferred from Louisville Housing Authority. At December 31, 2013, the Authority had incurred costs of $1,261,769 under this contract.

Construction in Process

At December 31, 2013, Aspinwall had construction in process costs totaling $9,810,455. An additional $904,713 in construction costs were incurred by BCHA but were not yet charged to the project as of December 31, 2013.

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 up to $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, 2013, the balance of the construction note was $2,715,720.

Note 7 - Long-Term Debt

During the year ended December 31, 2013, 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	$ 2,993,496	$ 244,510	$ (579,275)	$ 2,658,731	$ 248,696
Bonds Payable	16,062,849	9,133,650	(9,128,379)	16,068,120	334,643
Total long-term debt	$ 19,056,345	$ 9,378,160	$ (9,707,654)	$ 18,726,851	$ 583,339

Discretely Presented Component Units

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	$ 1,615,893	$ 15,558,225	$ (100)	$ 17,174,018	$ 75,065

Long-term debt as of December 31, 2013, 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	$ 212,392
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	878,854
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	144,542

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	607,535
1% mortgage note payable, due in monthly principal and interest installments of $324 with a maturity date of August 2017, secured by a deed of trust on the property and an assignment of rents	13,584
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	196,048
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	42,944
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	85,514
0% mortgage note payable, forgiven in its entirety on the anniversary date of October 2014, secured by a deed of trust on the property - See (D) below	20,000
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 October 2014, secured by a deed of trust on the property - see (D) below	20,000
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	87,428
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
5.5% mortgage note payable, due in monthly principal and interest installments of $1,535 with a maturity date of May 2014, secured by a deed of trust on the property and an assignment of rents	149,715
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	5,175
Total notes and mortgages payable	2,658,731

Bonds Payable

Series 2012 Housing Revenue Bonds - See (A) below	7,481,264
Series 2013 Housing Revenue Bonds - See (B) below	1,234,706
Series 2013 Housing Revenue Bonds - See (C) below	7,352,150
Total Bonds Payable	16,068,120
Total Long-Term Debt	$ 18,726,851

(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, 2013. The Authority has the ability to issue the remaining bonds of $583,501at a future date but has no current plans to issue the remaining bonds. The proceeds were used to refinance the Series 1998 Mortgage Revenue Bonds, to refinance a portion of the Series 2004 Housing Revenue Bonds, to rehabilitate existing projects in the future, and to develop future housing projects. 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 proceeds of the bonds were used to acquire the Project known as Sunnyside Apartments. 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 proceeds of the bonds were used to refinance the remaining balance of the Series 2004 Housing Revenue Bonds. 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

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	1,500,000
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
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	3,000,000

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
	$ 17,174,018

The estimated debt requirements to maturity for the year ending December 31, 2013 are as follows:

Primary Government

	Principal	Interest	Total
2014	$ 583,339	$ 600,763	$ 1,184,102
2015	541,099	585,170	1,126,269
2016	418,168	572,466	990,634
2017	431,649	559,398	991,047
2018	438,904	545,918	984,822
2019-2023	3,223,832	2,420,744	5,644,576
2024-2028	11,565,971	1,806,057	13,372,028
2029-2033	237,938	379,834	617,772
2034-2038	1,040,469	201,839	1,242,308
2039-2043	123,551	12,259	135,810
2044-2046	121,931	1,763	123,694
Total	$ 18,726,851	$ 7,686,211	$ 26,413,062

Discretely Presented Component Units

	Principal	Interest	Total
2014	$ 75,065	$ 251,075	$ 326,140
2015	84,135	245,538	329,673
2016	90,206	239,465	329,671
2017	96,718	232,955	329,673
2018	103,698	225,974	329,672
2019-2023	642,164	1,006,197	1,648,361
2024-2028	909,868	738,492	1,648,360
2029-2033	1,648,146	324,473	1,972,619
2034-2058	-	-	-
2059-2063	13,124,018	16,901,649	30,025,667
2064-2108	-	-	-
2109-2113	400,000	1,702,800	2,102,800
Total	$ 17,174,018	$ 21,868,618	$ 39,042,636

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, 2013 accrued interest on these notes totaled $220,484.

Note 8 - Compensated Absences

A summary of the activity in the Authority's compensated absences for the year ended December 31, 2013 is as follows:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated absences	$ 206,872	$ 197,813	$ (225,770)	$ 178,915	$ 15,021

Note 9 - Restricted Net Position

As of December 31, 2013, restricted net position consisted of $568,679 in Section 8 HAP received but not yet paid to eligible individuals.

Note 10 - Annual Contributions Contract

The Authority has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The Authority received $6,271,590 on this contract during the year ended December 31, 2013.

Note 11 - 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, 1301Pennsylvania 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, 2011	$ 482,473	8.00%	10.00%
December 31, 2012	$ 419,608	8.00%	10.00%
December 31, 2013	$ 488,179	8.00%	10.00%

Note 12 - 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 13 - 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 2013, $17,000 for the calendar year 2012, and $16,500 for the calendar year 2011). Catch-up contributions up to $5,500 each year for the calendar years 2013, 2012, and 2011 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, 2013, 2012, and 2011, the 401(k) Plan employee contributions from the Authority were $14,915, $28,619, and $45,049, respectively.

Note 14 - 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. At December 31, 2013, Josephine Commons owed the Authority $1,345,395 for developer fees. Of this amount, $703,947 is expected to be paid to the Authority from member capital contributions received by Josephine Commons, and the remaining $641,448 is anticipated to be deferred and 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. As of December 31, 2013, developer fees of $186,277 have been incurred and capitalized as part of the building. At December 31, 2013, Aspinwall owed the Authority $186,277 for developer fees. Developer fees of $1,633,871 are expected to be paid to the Authority from member capital contributions received by Aspinwall, and the remaining $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 2013, Josephine Commons incurred interest expense of $87,087 in relation to these mortgage notes payable. As of December 31, 2013, Josephine Commons owes the Authority $71,964 for accrued interest.

Aspinwall

Aspinwall has entered into multiple loan agreements with the Authority – see Note 7. During 2013, Aspinwall incurred interest expense of $127,364 in relation to these mortgage notes payable. As of December 31, 2013, Aspinwall owes the Authority $127,364 for accrued interest.

Due to Related Party

Josephine Commons

As of December 31, 2013, Josephine Commons owed the Authority $1,745 for costs related to operations.

Aspinwall

As of December 31, 2013, Aspinwall owed the Authority $1,122,212 for costs paid on behalf of the project by the Authority, including construction costs, accrued wages and benefits.

Due from Related Party

Josephine Commons

As of December 31, 2013, Josephine Commons is owed $777,184 from the Authority for overpayment of developer fees and other costs incurred by the Company.

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 2013, Josephine Commons incurred management fees of $34,484 to the Authority.

Aspinwall

Aspinwall has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Aspinwall is to pay management fees equal to the lesser of $466 per unit or 5.5% of effective gross income. During 2013, Aspinwall incurred management fees of $19,000 to the Authority. As of December 31, 2013, Aspinwall owes the Authority $19,000 for accrued management fees.

Reimbursement of Expenses

Josephine Commons

During 2013, Josephine Commons reimbursed the Authority approximately $54,300 for payroll and other expenses. As of December 31, 2013, Josephine Commons owed the Authority $27,741 for payroll costs.

Aspinwall

During 2013, Aspinwall reimbursed the Authority approximately $17,770 for payroll and other expenses. As of December 31, 2013, Aspinwall owed the Authority $42,718 for payroll costs.

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 2013.

Purchase of Property and Equipment

As mentioned in Note 1, Aspinwall was formed to develop, construct, rehabilitate, own, maintain, and operate a 167 unit multi-family complex. The project is to include 95 scattered site rehabilitated units and 72 new construction units in Lafayette, Colorado. Aspinwall purchased the 95 scattered sites in August 2013 from the Authority at a purchase price of $8,182,500. The properties were appraised at $8,464,000 by a certified independent appraiser. A gain on purchase of property of $281,500 was recorded for the difference between fair market value and the purchase price.

In addition, Aspinwall purchased land and improvements from the Authority that is to be the site of the 72 new construction units. The land and improvements were purchased at $1,300,000. The land was appraised at $1,300,000 by a certified independent appraiser.

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, 2013, the Authority was owed $336,498 from Boulder County.

Transfers from Primary Government

During 2013, the Authority received net transfers of $5,121,000 from Boulder County consisting of $270,000 for Worthy Cause; $1,440,000 for Housing Stabilization; $35,000 for the Housing and Community Education Program; $400,000 for flood related rehabilitation program activity; $1,000,000 for Housing Development activities; $476,000 for administrative and operating support; and $1,500,000 for a pass-through loan to Aspinwall.

Note 15 - Merger with Louisville Housing Authority

In 2012, the Louisville Housing Authority began a merger with the Boulder County Housing Authority (the continuing government) due to the similar nature of the two entities' operations. During 2012, four of the properties owned by Louisville Housing Authority were transferred over to Boulder County Housing Authority. During 2013, the remaining properties owned by Louisville Housing Authority (Public Housing, Regal Square, East Street and Lydia Morgan) were transferred over to Boulder County Housing Authority. Accounting policies of Louisville Housing Authority were consistent with the Authority's accounting policies.

In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, the Authority has recognized the assets, deferred outflows of resources, liabilities, or deferred inflows of resources of the merging entities as of the merger date, which is defined by GASB 69 as the beginning of the reporting period in which the combination occurs, regardless of the actual date of the merger.

Initial balances were determined based on the carrying values reported in the separate financial statements of the four properties of the Louisville Housing Authority and the separate financial statements of the Boulder County Housing Authority. No adjustments were made to the carrying values of the assets and liabilities.

The initial balances of the remaining balances that were transferred in 2013 are as follows:

Current Assets:	$ 699,966
Other Assets	7,051
Capital Assets	2,798,047
Total Assets	$ 3,505,064
Current Liabilities	$ 234,948
Noncurrent Liabilities	1,197,815
Total Liabilities	1,432,763
Net Position	2,072,301
Total Liabilities and Net Position	$ 3,505,064

Note 16 - New Accounting Pronouncement

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65: *Items Previously Reported as Assets and Liabilities*. This standard establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was effective for the Authority during the year ended December 31, 2013 and was applied retroactively by restating financial statements for all periods presented.

The provisions of GASB 65 required that debt issuance costs (deferred financing costs) be recognized as an expense in the period incurred. The implementation resulted in a reduction in net position of $343,922 as of January 1, 2013, in connection with the removal of previously recognized deferred financing costs.

Note 17 - Subsequent Event

Subsequent to year-end, the Authority sold real estate in Longmont, Colorado at a total sale price of $200,000. The Authority received net sale proceeds of $176,883 after payment of sales expenses and payoff of related debt on the property.

Subsequent to December 31, 2014 the Authority purchased land at a cost of $2,581,500 from Boulder County for the future development of a low income housing tax credit project.

Note 18 - Condensed Component Unit Information

Condensed component unit information for MFPH Acquisitions LLC, the Authority's blended component unit, for the year ended December 31, 2013, is as follows:

Condensed Statement of Net Position

ASSETS	
Current Assets	$ 67,365
Notes Receivable	3,020,000
Capital Assets	1,298,103
Total Assets	$ 4,385,468
LIABILITIES	
Current Liabilities	$ 42,764
Due to Authority	9,165
Noncurrent Liabilities	-
Total Liabilities	51,929
NET POSITION	4,333,539
Total Liabilities and Net Position	$ 4,385,468

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

OPERATING REVENUES	
Tenant rent	$ 241,336
Rental assistance	188,787
Other	2,477
Total Operating Revenues	432,600
OPERATING EXPENSES	
Administrative	96,457
Maintenance	85,950
Depreciation and amortization	34,861
Utilities	41,750
Insurance	19,062
Other	19,350
Total Operating Expenses	297,430
OPERATING INCOME	135,170
NONOPERATING INCOME (EXPENSES)	
Interest income	-
Interest expense	(37,379)
Gain on sale of assets	997,247
Total Nonoperating Expenses	959,868
Transfers from primary government and interprogram transfers	(84,206)
Change in net position	1,010,832
NET POSITION, Beginning of year	3,322,707
NET POSITION, End of year	$ 4,333,539

Condensed Statement of Cash Flows

NET CASH PROVIDED BY:	
Operating activities	$ 166,081
Noncapital financing activities	(123,374)
Capital and related financing activities	2,938,765
Investing activities	(3,020,000)
Net decrease in cash and cash equivalents	(38,528)
CASH AND CASH EQUIVALENTS, Beginning of year	87,112
CASH AND CASH EQUIVALENTS, End of year	$ 48,584

Supplementary Information
December 31, 2013

Boulder County Housing Authority

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	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	$ -	$ -	$ -	$ 410,627	$ 370,695	$ -	$ -	$ -
Restricted cash and cash equivalents	-	-	222,950	-	568,679	-	-	-
Accounts receivable								
Tenants	-	-	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,412	-	-
Accrued interest	-	-	-	-	-	-	-	-
Due from other agencies	11,036	-	59,909	-	-	69,890	-	-
Due from component units	-	-	-	-	-	-	-	-
Due from Boulder County	-	-	-	400,000	-	1,854	-	-
Interprogram receivable	-	-	-	-	205,411	281,951	77,128	-
Notes receivable - current	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Inventory	-	-	-	87,994	-	-	-	-
Total current assets	11,036	-	282,859	898,621	1,144,785	355,107	77,128	-
Notes receivable, net	-	-	281,061	-	-	-	-	-
Investment in Josephine Commons, LLC	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Non-depreciable capital assets	-	-	-	-	-	-	-	-
Depreciable capital assets, net	-	-	-	68,673	-	-	-	-
	-	-	281,061	68,673	-	-	-	-
Total assets	$ 11,036	$ -	$ 563,920	$ 967,294	$ 1,144,785	$ 355,107	$ 77,128	$ -
Liabilities and Net Position								
Liabilities								
Accounts payable	$ -	$ -	$ -	$ 39,954	$ -	$ 58,767	$ -	$ -
Interprogram payable	55,793	9,299	190,959	212,575	-	-	-	373,043
Accrued liabilities	-	-	-	-	105,076	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	322,079	-	-
Due to Josephine Commons	-	-	-	-	-	-	-	-
Due to BCHA	-	-	-	-	-	-	-	-
Due to other agencies	-	-	-	-	-	-	-	-
Tenant security deposits payable	-	-	-	-	-	-	-	-
Notes, mortgages and bonds payable - current	-	-	-	-	-	-	-	-
Total current liabilities	55,793	9,299	190,959	252,529	105,076	380,846	-	373,043
Noncurrent Liabilities								
Accrued compensated absences	-	-	-	-	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	-	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-	-	-
Total liabilities	55,793	9,299	190,959	252,529	105,076	380,846	-	373,043
Net Position								
Net investment in capital assets	-	-	-	68,673	-	-	-	-
Restricted	-	-	-	-	568,679	-	-	-
Unrestricted	(44,757)	(9,299)	372,961	646,092	471,030	(25,739)	77,128	(373,043)
Total net position	(44,757)	(9,299)	372,961	714,765	1,039,709	(25,739)	77,128	(373,043)
Total liabilities and net position	$ 11,036	$ -	$ 563,920	$ 967,294	$ 1,144,785	$ 355,107	$ 77,128	$ -

Low-Income Home Energy Assistance 93.568	Farm Labor Housing Loans and Grants 10.405	MFPH	Business Activities	Section 8 Housing Assistance 14.195	Other Federal Programs	Temporary Assistance for Needy Families 93.558	Total	Elimination of Intercompany Activity	Total
$ -	$ 162,177	$ 54,976	$ 6,763,847	4,335	$ 159,942	$ 220,066	$ 8,146,665	$ -	$ 8,146,665
-	244,498	-	84,170	1,604	-	-	1,121,901	-	1,121,901
-	(288)	(668)	6,519	(12)	-	-	5,551	-	5,551
-	-	-	1,531,672	-	-	-	1,531,672	-	1,531,672
-	-	-	62,398	-	-	-	63,810	-	63,810
-	-	-	727,330	-	-	-	727,330	-	727,330
120,089	-	3,100	255,300	-	-	-	519,324	-	519,324
-	-	-	1,203,604	-	-	-	1,203,604	(9,165)	1,194,439
-	-	-	(65,356)	-	-	-	336,498	-	336,498
-	-	-	1,920,985	154,855	-	-	2,640,330	(2,640,330)	-
-	-	-	-	-	-	-	-	-	-
-	-	9,957	245,027	-	-	-	254,984	-	254,984
-	-	-	9,905	-	-	-	97,899	-	97,899
120,089	406,387	67,365	12,745,401	160,782	159,942	220,066	16,649,568	(2,649,495)	14,000,073
-	-	3,020,000	12,154,608	-	-	-	15,455,669	-	15,455,669
-	-	-	86,400	-	-	-	86,400	-	86,400
-	-	-	-	-	-	-	-	-	-
-	330,879	387,582	5,145,519	67,617	-	-	5,931,597	-	5,931,597
-	3,089,310	910,521	11,376,113	151,880	-	-	15,596,497	-	15,596,497
-	3,420,189	4,318,103	28,762,640	219,497	-	-	37,070,163	-	37,070,163
$ 120,089	$ 3,826,576	$ 4,385,468	$ 41,508,041	$ 380,279	$ 159,942	$ 220,066	$ 53,719,731	$ (2,649,495)	$ 51,070,236
$ -	$ -	$ 42,764	$ 321,661	$ -	$ -	$ 34,228	$ 497,374	$ -	$ 497,374
168,202	53,768	-	1,230,986	-	160,132	185,573	2,640,330	(2,640,330)	-
-	-	-	67,560	-	-	-	172,636	-	172,636
-	-	-	15,021	-	-	-	15,021	-	15,021
-	1,805	-	41,343	-	-	-	43,148	-	43,148
-	2,482	-	8,799	274	-	-	333,634		333,634
-	-	-	777,184	-	-	-	777,184		777,184
-	-	9,165	-	-	-	-	9,165	(9,165)	-
-	-	-	1,165,618	-	-	-	1,165,618		1,165,618
-	16,147	-	79,835	5,939	-	-	101,921	-	101,921
-	40,789	-	542,550	-	-	-	583,339	-	583,339
168,202	114,991	51,929	4,250,557	6,213	160,132	219,801	6,339,370	(2,649,495)	3,689,875
-	-	-	163,894	-	-	-	163,894	-	163,894
-	2,127,040	-	16,016,472	-	-	-	18,143,512	-	18,143,512
-	2,127,040	-	16,180,366	-	-	-	18,307,406	-	18,307,406
168,202	2,242,031	51,929	20,430,923	6,213	160,132	219,801	24,646,776	(2,649,495)	21,997,281
-	1,252,360	1,298,103	(37,390)	219,497	-	-	2,801,243	-	2,801,243
-	-	-	-	-	-	-	568,679	-	568,679
(48,113)	332,185	3,035,436	21,114,508	154,569	(190)	265	25,703,033	-	25,703,033
(48,113)	1,584,545	4,333,539	21,077,118	374,066	(190)	265	29,072,955	-	29,072,955
$ 120,089	$ 3,826,576	$ 4,385,468	$ 41,508,041	$ 380,279	$ 159,942	$ 220,066	$ 53,719,731	$ (2,649,495)	$ 51,070,236

	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	$ -	$ -	$ -	$ -	$ 6,271,590	$ -	$ 193,740	$ -
Other grants	27,475	-	137,317	575,162	-	396,707	-	-
Rental income	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	461,933	-	-	-
Management fees	-	-	-	-	-	-	-	-
Developer fee income	-	-	-	-	-	-	-	-
Other	-	-	-	105,580	23,848	1,854	17,730	-
Total Operating Revenues	27,475	-	137,317	680,742	6,757,371	398,561	211,470	-
Operating Expenses								
Housing assistance payments	-	-	-	-	6,055,389	-	-	369,101
Administrative salaries and benefits	26,959	-	113,601	29,095	463,345	13,853	152,549	-
Maintenance salaries and benefits	-	-	-	282,868	-	-	-	-
Regular and extraordinary maintenance	-	-	58,727	221,257	-	-	234	-
Direct client expenses	-	-	-	-	-	399,515	-	-
Other administrative	-	(39)	2,376	29,500	60,505	-	500	-
Depreciation and amortization	-	-	-	54,026	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Insurance	-	-	-	20,568	228	-	-	-
Other	522	-	22	9	3,155	10,932	-	-
Total Operating Expenses	27,481	(39)	174,726	637,323	6,582,622	424,300	153,283	369,101
Operating Income (Loss)	(6)	39	(37,409)	43,419	174,749	(25,739)	58,187	(369,101)
Non-Operating Revenues (Expenses)								
Interest income	-	-	5,470	-	364	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Gain on sales of assets	-	-	-	12,042	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	-	-	5,470	12,042	364	-	-	-
Income (Loss) Before Transfers and Other Contributions	(6)	39	(31,939)	55,461	175,113	(25,739)	58,187	(369,101)
Transfers from primary government and interprogram transfers	-	-	-	400,000	-	-	-	-
Change in Net Position	(6)	39	(31,939)	455,461	175,113	(25,739)	58,187	(369,101)
Net Position - Beginning of Year, as originally reported	(44,751)	(9,338)	404,900	259,304	864,596	-	18,941	(3,942)
Write-off of financing costs - Note 16	-	-	-	-	-	-	-	-
Merger with Louisville Housing Authority - Note 15	-	-	-	-	-	-	-	-
Net Position - Beginning of Year, as restated	(44,751)	(9,338)	404,900	259,304	864,596	-	18,941	(3,942)
Net Position - End of Year	(44,757)	(9,299)	372,961	714,765	1,039,709	(25,739)	77,128	(373,043)

Boulder County Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Position

December 31, 2013

Low-Income Home Energy Assistance 93.568	Farm Labor Housing Loans and Grants 10.405	MFPH	Business Activities	Section 8 Housing Assistance 14.195	Other Federal Programs	Temporary Assistance for Needy Families 93.558	Total	Elimination of Intercompany Activity	Total
$ -	$ -	$ 188,787	$ 1,339,173	$ 190,814	$ -	$ -	$ 8,184,104	$ -	$ 8,184,104
583,111	246,074	-	2,626,031	37,231	99,848	249,199	4,978,155	-	4,978,155
-	242,000	241,336	1,574,654	51,094	-	-	2,109,084	-	2,109,084
-	-	-	-	-	-	-	461,933	-	461,933
-	-	-	195,409	-	-	-	195,409	-	195,409
-	-	-	186,277	-	-	-	186,277	-	186,277
-	383	2,477	80,566	105	-	-	232,543	-	232,543
583,111	488,457	432,600	6,002,110	279,244	99,848	249,199	16,347,505	-	16,347,505
-	-	-	-	-	-	-	6,424,490	-	6,424,490
6,314	47,877	96,457	1,047,007	51,720	70,563	72,384	2,191,724	-	2,191,724
342,325	23,481	-	992,643	25,369	-	-	1,666,686	-	1,666,686
253,899	97,818	85,950	1,029,018	55,882	-	-	1,802,785	-	1,802,785
-	-	-	997,279	-	17,475	175,586	1,589,855	-	1,589,855
10,434	45,196	-	502,379	20,322	11,394	1,229	683,796	-	683,796
-	103,354	34,861	611,877	18,104	-	-	822,222	-	822,222
-	37,136	41,750	233,025	32,370	-	-	344,281	-	344,281
12,769	7,109	19,062	228,933	1,817	-	-	290,486	-	290,486
38	-	19,350	36,990	4	416	-	71,438	-	71,438
625,779	361,971	297,430	5,679,151	205,588	99,848	249,199	15,887,763	-	15,887,763
(42,668)	126,486	135,170	322,959	73,656	-	-	459,742	-	459,742
-	125	-	270,197	-	-	41	276,197	-	276,197
-	(101,446)	(37,379)	(550,850)	(28,526)	-	-	(718,201)	-	(718,201)
-	-	997,247	2,219,599	-	-	-	3,228,888	-	3,228,888
-	-	-	(432,323)	(13,990)	-	-	(446,313)		(446,313)
-	(101,321)	959,868	1,506,623	(42,516)	-	41	2,340,571	-	2,340,571
(42,668)	25,165	1,095,038	1,829,582	31,140	-	41	2,800,313	-	2,800,313
-	-	(84,206)	4,805,206	-	-	-	5,121,000	-	5,121,000
(42,668)	25,165	1,010,832	6,634,788	31,140	-	41	7,921,313	-	7,921,313
(5,445)	1,559,380	3,322,707	12,713,951	342,926	(190)	224	19,423,263	-	19,423,263
-	-	-	(343,922)	-	-	-	(343,922)	-	(343,922)
-	-	-	2,072,301	-	-	-	2,072,301	-	2,072,301
(5,445)	1,559,380	3,322,707	14,442,330	342,926	(190)	224	21,151,642	-	21,151,642
(48,113)	1,584,545	4,333,539	21,077,118	374,066	(190)	265	29,072,955	-	29,072,955

Federal Agency/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture (USDA)			
Direct Programs			
Farm Labor Housing	10.405		$ 246,074
U.S Department of Health and Human Services			
Direct Programs			
Low Income Energy Assistance Program	93.568		583,111
Passed through the Boulder County, Colorado			
Housing Crisis Prevention	93.558	P108516	249,199
Total U.S Department of Health and Human Services			832,310
U.S. Department of Energy			
Passed Through Colorado Governor's Energy Office			
Weatherization Assistance for Low- Income Persons	81.042	C900822	571,688
U.S. Department of Treasury			
Direct Programs			
Foreclosure Education Counseling Pilot Program	21.010		99,848
U.S. Department of Housing and Urban Development			
Direct Programs			
Housing - Choice Vouchers	14.871		6,582,854
Family Unification Program (FUP)	14.880		369,101
			6,951,955
Family Self-Sufficiency Coordinator	14.877		153,283
Comprehensive Housing Counseling	14.169		27,475

Passed Through Colorado Housing and Finance Authority:			
Section 8 Housing Assistance Payments	14.195	CO0990036010	227,895
Passed Through City of Boulder, Colorado			
Community Development Block Grant	14.218	Subgrantee	111,245
Passed Through City of Broomfield, Colorado			
Community Development Block Grant	14.218	B10MC080014	2,400
Passed Through City of Longmont, Colorado			
Community Development Block Grant	14.218	B10MC080011	35,000
Passed Through Boulder County, Colorado			
Community Development Block Grant	14.218	H2CDB11051	31,877
			180,522
Passed Through Colorado Division of Housing			
HOME Program	14.239	H3HOM12056	860,645
Passed Through Colorado Coalition for the Homeless			
Homelessness Prevention and Rapid Re-Housing	14.231	Subgrantee	957
Total U.S. Department of Housing and Urban Development			8,402,732
Total Federal Expenditures			$ 10,152,652

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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 18, 2014.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2013-A and 2013-B to be material weaknesses.

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.

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 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were 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.

Eide Bailly LLP

Bismarck, North Dakota
August 18, 2014

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, 2013. 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.

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, 2013.

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 and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance 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 compliance and, accordingly we express no opinion on the response.

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.

Eide Bailly LLP

Bismarck, North Dakota
August 18, 2014

Findings – Major Federal Award Programs Audit

None

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?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
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?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Section 8 Housing Choice Vouchers / Family Unification Program	14.871/14.880
HOME Investment Partnership Program	14.239

Dollar threshold used to distinguish between type A and Type B programs	$ 304,580
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2013-A **Adjusting Journal Entries**

Material Weakness in Internal Control over Financial Reporting

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

Criteria: A good system of internal control contemplates an adequate system for recording and processing adjusting journal entries material to the financial statements.

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

Cause: Certain transactions were not recorded in accordance with generally accepted accounting principles.

Recommendation: We recommend that 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 all material 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 material weakness.

Planned Completion Date for the Corrective Action: December 31, 2014

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

2013-B **Review of Manual General Journal Entries and Account Reconciliations**

Material Weakness in Internal Control over Financial Reporting

Condition: As part of our audit, it was noted that the process of reviewing and approving of manual journal entries and account reconciliations was not consistently being performed during the year.

Criteria: A good system of internal control contemplates an adequate system for reviewing and approving manual general journal entries and reconciling significant accounts.

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

Cause: Certain manual journal entries were recorded before properly reviewed and approved.

Recommendation: We recommend that all manual general journal entries are reviewed and approved by appropriate personnel before being recorded to the Authority's books and timely preparation and review of account reconciliations.

Management's Response and Corrective Action Plan (CAP)

Actions Planned in Response to the Finding: The Authority will ensure all manual general journal entries are reviewed and approved by appropriate personnel before being recorded.

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 material weakness.

Planned Completion Date for the Corrective Action: December 31, 2014

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

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

Condition: During our tests of tenant files, we noted incorrect information used during the recertification process for current tenants. Income was not properly verified and entered into the rental assistance calculation.

Criteria: The Program requires the Authority to verify tenant's income through third party verification or EIV at the time of initial application and any time there is a change in income or on the annual recertification to ensure rent calculations are based on actual income. In addition, the Authority must obtain signed applications that contain information needed to determine eligibility, income, and rent.

Questioned Costs: None.

Effect: Lack of internal controls could cause errors in rental assistance calculations.

Cause: Due to oversight by an individual, incorrect information was entered into the rental assistance calculation.

Recommendation: The Authority should implement internal controls to ensure any discrepancies in third party verification of tenant income are followed up on timely and to ensure tenant information is entered correctly to the HUD 50058 form.

Management's Response and Corrective Action Plan (CAP)

Actions Planned in Response to the Finding: The Authority will assign a qualified person to perform and verify income and rent calculations.

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 material weakness.

Planned Completion Date for the Corrective Action: December 31, 2014

Plan to Monitor Completion of Corrective Action: The Board of Commissioners will monitor the accounting function.