



Financial Statements  
December 31, 2017

# Boulder County Housing Authority

Boulder County Housing Authority

Table of Contents

December 31, 2017

---

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements	
Balance Sheet .....	18
Statement of Revenues, Expenses and Changes in Net Position .....	20
Statement of Cash Flows .....	21
Combining Balance Sheet - Component Units .....	23
Combining Statement of Revenues, Expenses and Changes in Net Position - Component Units.....	25
Combining Statement of Cash Flows - Component Units .....	26
Notes to Financial Statements .....	28
Required Supplementary Information	
Schedule of the Authority's Proportionate Share of the Net Pension Liability .....	67
Schedule of the Authority's Contributions .....	68
Supplementary Information	
Combining Balance Sheet .....	69
Combining Statement of Revenues, Expenses and Changes in Net Position .....	71
Schedule of Federal Expenditures .....	73
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	76
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance .....	78
Schedule of Findings and Questioned Costs .....	80



## 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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Boulder County Housing Authority as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder County Housing Authority's basic financial statements. The supplementary schedules on pages 69 – 72 are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The supplementary schedules on pages 69 – 72 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 16, 2018 on our consideration of Boulder County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boulder County Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boulder County Housing Authority's internal control over financial reporting and compliance.

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

Bismarck, North Dakota  
May 16, 2018



Kestrel 55-and-Over Building, Louisville, CO

# Management's Discussion and Analysis 2017



BOULDER COUNTY  
**HOUSING  
AUTHORITY**



## CONTENTS:

### Management's Discussion and Analysis

- Portfolio Overview
- Financial Highlights
- Outlook for the Authority in 2018
- Economic Factors Affecting the Authority's Future

### Financial Statements

### Notes to the Financial Statements

### Request for Information

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

## Management's Discussion and Analysis

The Boulder County Housing Authority's Management's Discussion and Analysis provides an overview of the housing authority's financial activities for the fiscal year ended December 31, 2017. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Authority's financial activity and position, and to identify financial trends and concerns. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the notes to the financial statements. This Management's Discussion and Analysis is presented in accordance with the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34).

The Authority, a blended component unit of Boulder County, Colorado, is a public purpose financial enterprise and, therefore follows enterprise fund accounting. The financial statements are produced on the accrual basis of accounting. The statements in 2017 include one blended component unit, MFPH Acquisitions LLC, of which the Authority is the sole owner, and three discrete component units which are described below.

The first component unit, Josephine Commons, LLC (the "Corporation") is a Colorado Limited Liability Company formed in 2011 and a legally separate entity from the Authority. The majority interest of the Corporation is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of 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.

The second component unit, Aspinwall, LLC (the "Corporation") is a Colorado Limited Liability Company formed in 2012 and a legally separate entity from the Authority. The majority interest of the Corporation is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of 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 third component unit, Kestrel I, LLC (the "Corporation") is a Colorado Limited Liability Company formed in 2016 and a legally separate entity from the Authority. The majority interest of the Corporation is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of 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, Kestrel I, LLC, is a discrete component unit within the Authority's financial reporting entity.

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

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

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

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

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

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

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

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

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

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

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

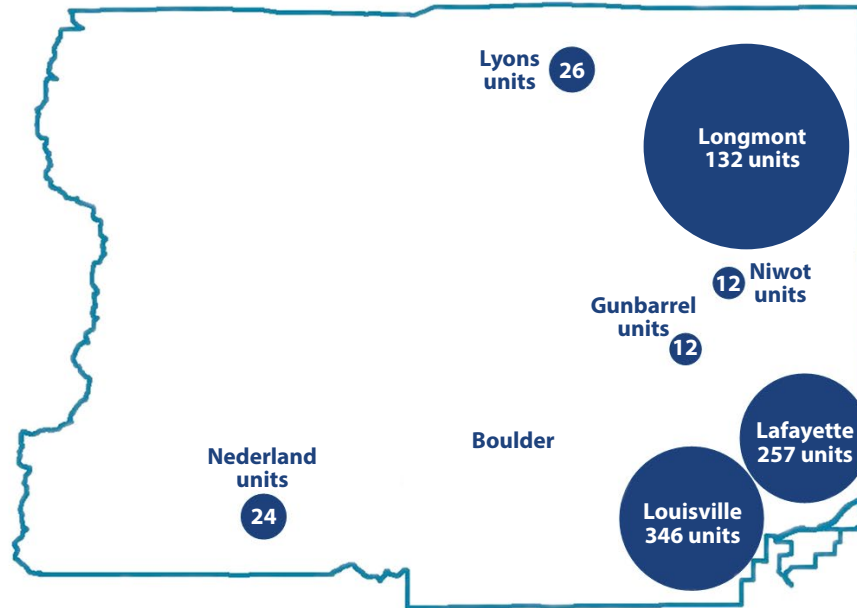
Finally, the financial statements also include the notes to financial statements, which provide additional information that is essential to a full understanding of the data provided in the Authority-wide statements.



To fully understand the activities and financial statements of the Authority, the following is a brief description of the Authority's significant programs and services which are provided to residents within the county of Boulder.

## Portfolio Overview

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



## Housing Choice Voucher (HCV) Program

The HCV Program is a rent subsidy program funded by the U.S. Department of Housing and Urban Development (HUD). The program assists individuals and families with very-low income, including seniors and people with disabilities. Assistance is provided on behalf of the participants, who secure their own housing within the community, with rent payments split in portions between the Authority and the household. As of December 31, 2017, the Authority had an annual contribution contract for 834 vouchers. Based on budget availability and cost per client, 736 vouchers are issued and utilized. The breakdown of these vouchers is detailed below.

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

The VASH program combines HCV rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers and community-based outreach clinics. All participants are referred to the Authority by the VA. The Authority currently has an allocation of 60 VASH vouchers with 52 vouchers funded, as of December 31, 2017.

## Family Unification Program (FUP)

FUP is a supportive housing, early intervention program that provides housing with supportive case management services to both families with identified child welfare concerns and youth transitioning out of the foster care system within Boulder County. The objective is to promote family reunification, with the end result being the prevention of the removal of children from their parents due to housing instability. FUP also addresses the needs of homeless youth that have spent considerable time in the foster care system by offering supportive services, enhancing their opportunity for self-sufficiency and transition into adulthood. The Authority currently has an allocation of 50 FUP vouchers with 50 vouchers funded, as of December 31, 2017. Additionally, the Authority has three applications for FUP vouchers in process.

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

The PBV assistance is tied to the unit, rather than the person. Boulder County owns and manages properties throughout the County and offers these units to eligible residents at a cost that is affordable to them. Participants come from Boulder County's Family Self-Sufficiency Program, a 5-year academic, employment and savings initiative program designed to help families to gain job training and education, improve their family's financial situation, and move toward self-sufficiency. As of December 31, 2017, the Authority has 125 project based vouchers.

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

Under the voucher program, individuals or families with a voucher find and lease a unit (either in a specified complex or in the private sector) and pay a portion of the rent. Most households pay 30% of their adjusted income for Section 8 housing. As of December 31, 2017, the Authority has 439 Section 8 vouchers utilized.

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

The NED program enables non-elderly disabled families to lease affordable private housing of their choice. As of December 31, 2017, the Authority has 35 NED vouchers utilized.

## **Other Vouchers**

The Authority has 35 other vouchers utilized which in combination include port in/port out, RAD PBV, homeowners, disaster recovery, and tenant protection vouchers.

## **Other Housing Assistance**

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

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

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

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

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

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

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

The Authority or its affiliate is the general partner in three tax credit partnerships with a total of 441 units that are operating as of December 31, 2017: Josephine Commons, LLC, Aspinwall, LLC, and Kestrel LLC. All of these entities are component units of the Authority.

## **Resident Services**

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



## Longs Peak Energy Conservation and Weatherization

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

### Weatherization

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

### EnergySmart+

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

### Home Rehabilitation

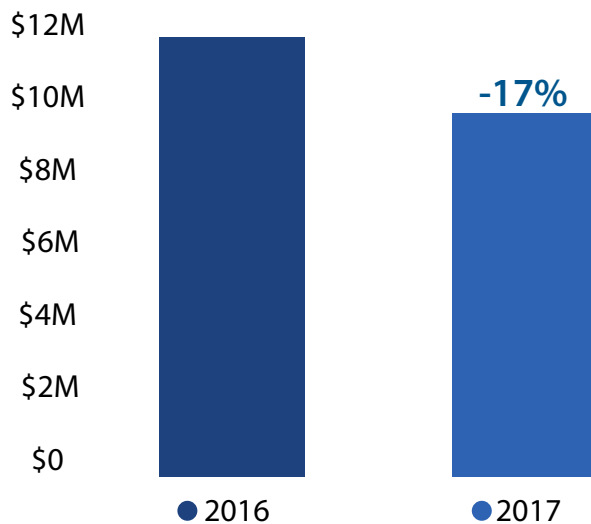
Four home rehabilitation programs are offered to eligible Boulder County households through LPEC. Each of these programs focuses on one of the following objectives: low-income households within the City of Boulder; low-income households in Boulder County (outside of the cities of Boulder and Longmont);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

### Funding

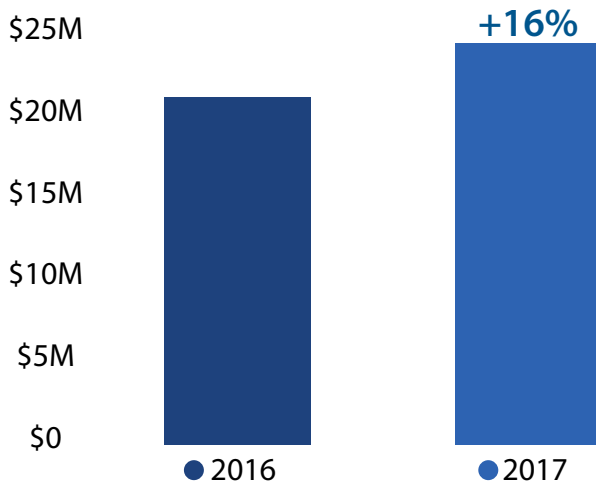
LPEC has several funding sources including federal funds from the Department of Energy, state funds through the Colorado Energy Office, and Low-income Energy Assistance (LEAP). Additional funding also comes through Boulder County Department of Housing and Human Services (BCDHHS) to fund the EnergySmart+ program. Lastly, a small portion of funding comes from Colorado severance tax revenue which is a tax imposed upon nonrenewable natural resources produced in Colorado.

## The Authority's Financial Highlights

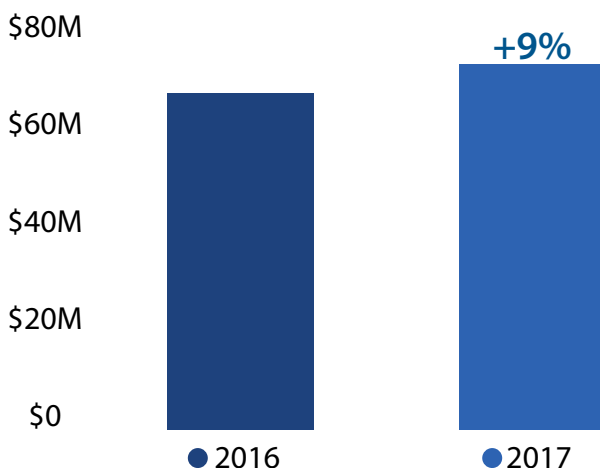
### Cash, Cash Equivalent, and Restricted Cash



### Total Capital Assets



### Total Assets



#### Assets:

Cash, Restricted Cash and Cash Equivalents decreased \$1,974,767 or 17% over 2016. Cash increased \$700,000 from a transfer in from Boulder County to pre-fund the 2018 Housing Stabilization Program (HSP). Cash decreases include \$1,534,505 towards the purchase of land for future affordable housing developments, specifically \$1,050,000 for land in Lafayette, Colorado and \$484,505 for land in Nederland, Colorado. Additional cash decreases include \$690,430 to pay off two loans, specifically \$470,000 for a note payable to Boulder County related to land in Gunbarrel, Colorado and \$220,431 for a note payable to Wells Fargo related to an affordable rental property in Louisville, Colorado.

Total Accounts Receivable (A/R) decreased \$1,456,025 or 42% over 2016. A/R – Due From Component Units increased \$546,833 primarily as a result of the Authority's pre-funding of construction expenses related to the Kestrel project. A/R – Due From Boulder County decreased \$1,711,034 primarily due to the timing of funding of HSP. In December 2016, the Authority recorded a receivable from Boulder County in the amount of \$1,550,000 to account for a transfer-in-progress to fund 2017 HSP. 2018 HSP was funded partly in 2017 with the remaining balance expected to be funded in 2018. No transfer-in-progress occurred at 2017 year-end.

Total Assets and Deferred Outflows increased \$5,724,473 or 9% over 2016. The three biggest drivers were increases in long-term Developer Fees Receivable, Accrued Interest Receivable, and Total Capital Assets. Long-term Developer Fees Receivable increased \$5,126,887 or 884% over 2016 related to the Kestrel Development Fee Agreement. Long-term Accrued Interest Receivable increased \$749,676 or 34% over 2016 and continues to grow as a result of the compounding of deferred interest on loans to the Authority's component units and loans to Eagle Place Partners, LLLP. Total Capital Assets increased \$3,225,797 or 16% over 2016. The increase primarily relates to the land acquisitions in Lafayette, Colorado and Nederland, Colorado intended for future affordable housing developments.

Total Assets and Deferred Outflows were \$72,516,278

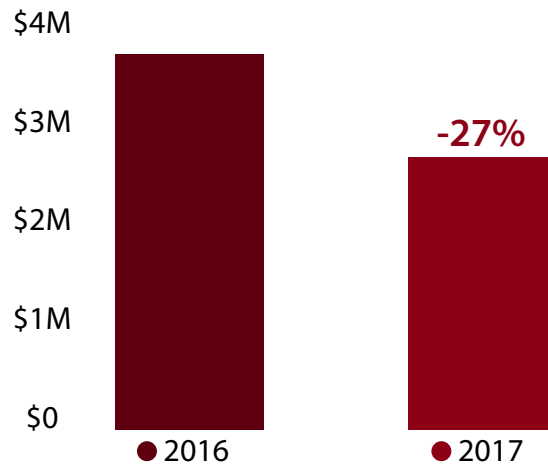
**Liabilities:**

Current Liabilities decreased \$1,008,209 or 27% over 2016. This decrease was largely driven by a combination of a reduction in Unearned Revenue and a reduction in notes payable. The Unearned Revenue decrease was related to the January 2017 HCV program funds received in December of 2016. Current Notes Payable decreased \$220,431 with the loan pay off of the Wells Fargo note.

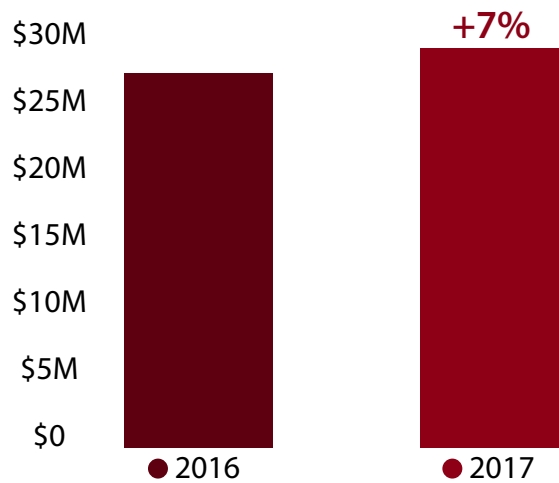
Long-term Liabilities increased \$1,840,312 or 7% over 2016. Significant factors in the increase include a new note payable of \$1,800,000 to Boulder County associated with the acquisition of land in Lafayette, Colorado reduced by the payoff of another note payable of \$470,000 to Boulder County for land in Gunbarrel, Colorado. Long-term Net Pension Liability also increased \$938,052 as a result of the application of GASB Statement No. 68. Overall, the Authority's Total Liabilities decreased \$832,102 or 3% over 2016.

Total Liabilities were \$31,748,556 in 2017.

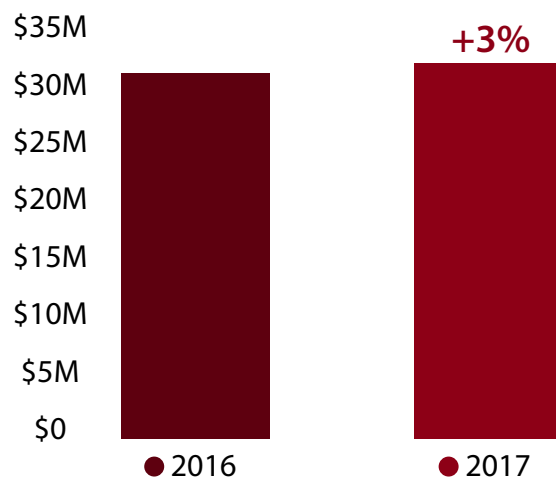
**Current Liabilities**



**Long-term Liabilities**



**Total Liabilities**



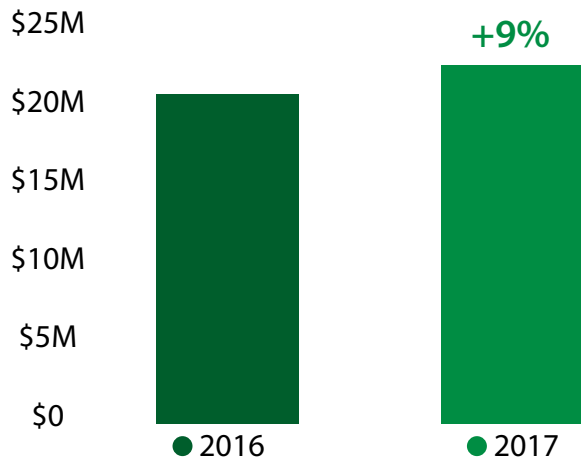
The following table reflects the condensed Balance Sheet for the Authority:

**Boulder County Housing Authority**  
**Balance Sheet as of December 31,**  
**2017 (in thousands of dollars)**

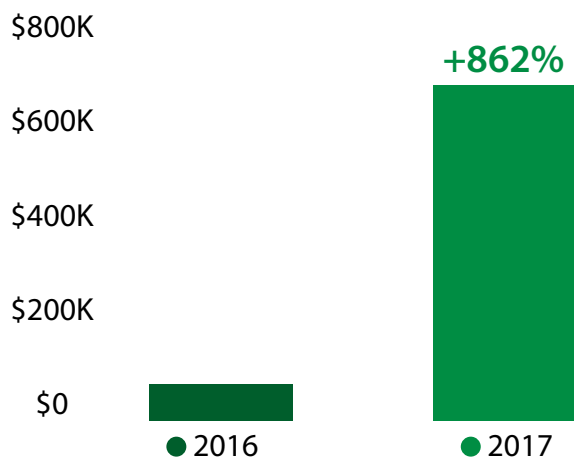
	<u>2017</u>	<u>2016</u>
Cash, Restricted Cash & Cash Equivalents	\$ 9,492	\$ 11,467
Receivables	2,024	3,480
Prepaid Expenses	45	154
Inventory	110	119
Developer fees	5,707	580
Notes & Interest Receivable	29,277	28,602
Other assets	87	86
Capital Assets (Net)	<u>23,950</u>	<u>20,725</u>
Total Assets	70,690	65,212
Deferred Outflows	<u>1,826</u>	<u>1,580</u>
<b>Total Assets and Deferred Outflows</b>	<b><u>\$ 72,516</u></b>	<b><u>\$ 66,792</u></b>
Accounts Payable & Accrued Liabilities	\$ 1,076	\$ 1,184
Deferred Revenue	13	729
Due to Discretely Presented Component Units	2	8
Due to Boulder County	1,111	1,116
Tenant Security Deposits Payable	107	110
Notes, Mortgages, Bonds & Interest Payable	22,658	21,926
Net Pension Liability	<u>6,781</u>	<u>5,843</u>
Total Liabilities	31,749	30,916
Deferred Inflows	<u>37</u>	<u>107</u>
Net Investment in Capital Assets	4,929	2,400
Restricted	-	136
Unrestricted	<u>35,802</u>	<u>33,231</u>
Total Net Position	40,731	35,768
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b><u>\$ 72,516</u></b>	<b><u>\$ 66,792</u></b>



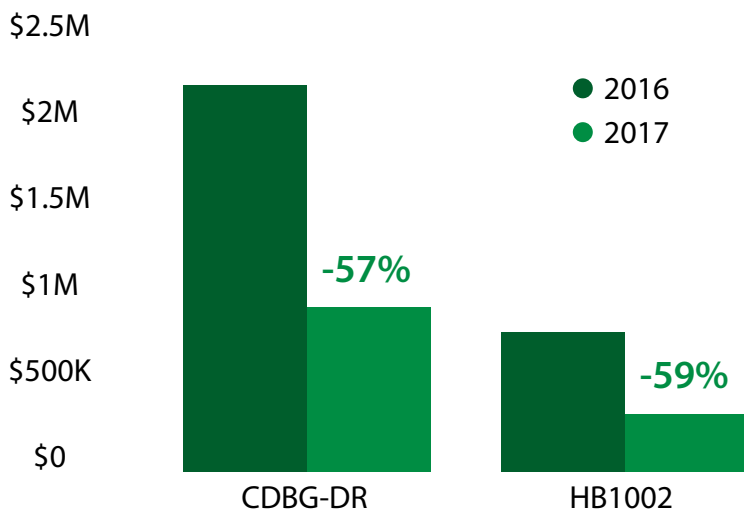
## Total Operating Revenue



## Continuum of Care



## CDBG-DR and HB1002 Grant Revenue



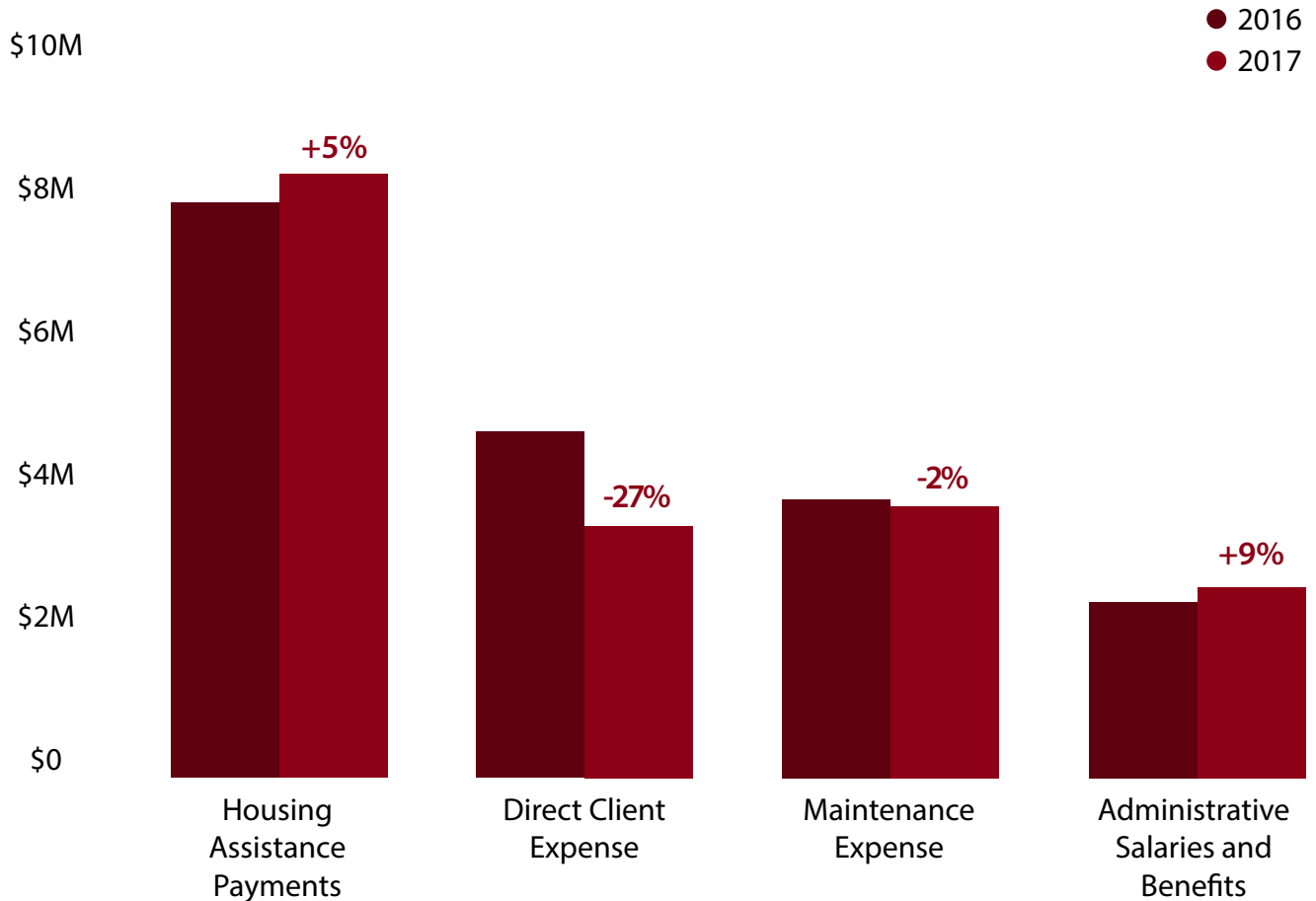
### Operating Revenue:

Operating Revenues increased \$1,791,127 or 9% over 2016. The primary drivers of the net increase related to an increase Developer Fee revenue, an increase in HUD PHA Grant revenue and a decrease in Other Grant revenue. Developer Fees increased \$4,791,976 or 737% over 2016 related to the Kestrel project. HUD PHA Grants increased \$679,622 or 7% over 2016 primarily from the Continuum of Care (COC) program, a fairly new program which ramped-up operations in 2017.

Other Grant revenue decreased \$3,567,003 or 50% over 2016 related to a decreases in flood recovery funds (CDBG-DR and HB1002), state and local grants related to the Kestrel project and Severance Tax grant funds. Flood recovery programs (CDBG-DR and HB1002) were ramping-down and decreased \$1,723,071 over 2016. State and local grant decreases comprised of two one-time grants which were loaned to the Kestrel development project (a HOME grant from the City of Boulder in the amount of \$580,297 and a portion of the City of Louisville's grant in the amount of \$652,295) in 2016. Lastly, Severance Tax revenue which funds a small portion of the weatherization program decreased \$294,387 due to the decline in oil and gas production. This reduction in revenue was expected.

Total Operating Revenues were \$22,593,083 for 2017.

## Operating Expenses



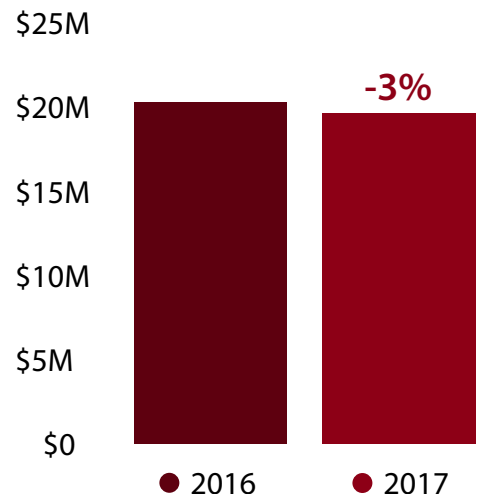
### Operating Expense:

Total Operating Expenses decreased \$639,837 or 3% over 2016. The primary drivers of the net decrease relate to the decrease in Direct Client Expense, offset with smaller increases in Housing Assistance Payments (HAP) and Administrative Expense

Direct Client expense decreased \$1,275,954 or 27% over 2016. Flood recovery (CDBG-DR) spending decreased \$1,233,266 or 43% over 2016. HB1002, a subsection of the flood recovery program which uses state versus federal funds decreased \$456,383 or 41% over 2016. HSP spending decreased \$540,574 or 29% over 2016. This decrease is attributed to higher spending in 2015 and 2016 which caused fiscal constraints on the spending in 2017. Direct Client expenditures would have decreased more however the COC program ramped-up operations in 2017 with \$604,177 more expended over 2016. Total Direct Client expense was \$3,442,301.

Housing Assistance Payments (HAP) expenditures increased \$388,046 or a 5% increase over 2016.

### Total Operating Expenses



Three significant cost drivers for the Authority's property operations include Maintenance, Utility, and Administrative expenses. Maintenance expense was \$3,719,033, a 2% decrease over 2016. The Utility expense for water, sewer, electricity, and gas was \$330,794 and averaged \$899 per unit, an 8% increase over 2016. Administrative expense was \$2,616,075, a 9% increase over 2016 due to an increase in pension expense resulting from the application of GASB Statement No. 68 and increased activities associated with the COC program. Insurance expense totaled \$301,505, a 1% increase over 2016.

Total Operating Expenses were \$19,548,631 for 2017.

Net Operating Income for 2017 was \$3,044,454, a \$1,341,649 increase over the prior year.

In 2017, the Authority reported \$300,766 in Non-Operating Revenue. A significant driver of this was the donation of \$145,150 from the City of Lafayette to facilitate the acquisition of land intended for future affordable housing development.

Transfers from the primary government totaled \$1,617,653 in 2017. The 2017 transfers were primarily comprised of a \$500,000 to facilitate the purchase of land in Lafayette, Colorado, \$700,000 for pre-funding of 2018 HSP and \$287,653 in ESPLUS weatherization funding.

**Current ratio:** Also referred to as liquidity ratio (ability to pay short and long-term obligations) – the higher the current ratio, the more capable the company is of meeting its obligations. The Authority's current ratio slightly increased in 2017 due to the payment of a current Notes Payable.

2017 **4.4**

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

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

### 2016 2017 DSCR Comparison

	2016	2017
2012 Bond Group	1.33	1.15
2013 Bond Group	1.34	1.41

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position for the Authority:

**Boulder County Housing Authority**  
**Statement of Revenues, Expenses and Changes in Net Position for the Year Ended December 31, 2017**  
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
HUD PHA grants	\$ 10,476	\$ 9,796
Other Grants	3,637	7,204
Rental Income	2,055	2,030
Administration Fees	563	593
Management Fees	115	152
Developer Fee Income	5,442	650
Interest Income	767	706
Donation of Real Property	145	-
Gain on Sale of Capital Assets	-	1,292
Other	305	376
<b>Total Revenues</b>	<u><b>23,505</b></u>	<u><b>22,800</b></u>
<b>Expenses</b>		
Housing Assistance Payments	8,236	7,848
Administration	2,616	2,403
Maintenance	3,719	3,812
Direct Client Expense	3,442	4,718
Depreciation & Amortization	815	783
Utilities	331	307
Insurance	302	298
Interest Expense	612	589
Donation of Real Property	-	498
Other Expenses	88	53
<b>Total Expenses</b>	<u><b>20,160</b></u>	<u><b>21,309</b></u>
<b>Income Before Transfers and HUD Capital Grant Income</b>	<b>3,345</b>	<b>1,490</b>
<b>Transfers from Primary Government</b>	<b>1,618</b>	<b>2,901</b>
<b>HUD Capital Grant Income</b>	<b>-</b>	<b>135</b>
<b>Change in Net Position</b>	<b>4,963</b>	<b>4,526</b>
<b>Net Position Beginning of Year</b>	<u><b>35,768</b></u>	<u><b>31,242</b></u>
<b>Net Position - End of Year</b>	<u><u><b>\$ 40,731</b></u></u>	<u><u><b>\$ 35,768</b></u></u>

## Outlook for the Authority in 2018 Includes:

- Move to permanent financing on the Authority's third component unit Kestrel I, LLC project located in Louisville, Colorado
- Execute capital plan for controlled maintenance and rehabilitation of the existing Authority properties
- Continue to administer the flood recovery program (CDBG-DR, HB1002 and rental assistance) for individuals and families impacted by the 2013 flood. These programs will continue to ramp down activity in 2018.
- Pre-development and preparation of 9% LIHTC application for Nederland property.
- Collect a portion of the deferred developer fee for the Kestrel I, LLC project.

## Economic Factors Affecting the Authority's Future

### Significant economic factors affecting the Authority in 2017 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

### Nederland Rendering · 26 Units Proposed



Boulder County Housing Authority  
Balance Sheet  
December 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows		
Current Assets		
Cash and cash equivalents	\$ 7,601,811	\$ 24,295,772
Restricted cash and cash equivalents	1,890,039	1,703,444
Accounts receivable		
Tenants	147,298	19,600
Developer fees	315,089	-
Other	49,352	18,047
Due from Boulder County Housing Authority	-	1,774
Due from other agencies	501,052	-
Due from component units	643,432	-
Due from Boulder County	367,477	-
Notes receivable - current portion	-	-
Prepaid expenses	44,750	20,304
Inventory	109,686	-
	<u>11,669,986</u>	<u>26,058,941</u>
Total Current Assets		
Developer Fees	<u>5,706,533</u>	<u>-</u>
Notes Receivable	<u>26,324,654</u>	<u>-</u>
Accrued Interest Receivable	<u>2,952,184</u>	<u>-</u>
Other Assets	<u>86,500</u>	<u>984,935</u>
Capital Assets		
Non-depreciable	9,740,554	6,750,998
Depreciable, net	<u>14,209,857</u>	<u>112,545,989</u>
Total Capital Assets	<u>23,950,411</u>	<u>119,296,987</u>
Total Assets	70,690,268	146,340,863
Deferred Outflows - Pensions	<u>1,826,010</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 72,516,278</u>	<u>\$ 146,340,863</u>



Boulder County Housing Authority  
Balance Sheet  
December 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
<b>Liabilities, Deferred Inflows and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 471,365	\$ 72,842
Accounts payable - construction	-	3,312,260
Construction loan payable	-	46,921,959
Accrued liabilities	183,854	18,808
Accrued compensated absences	17,034	-
Accrued interest payable	42,187	65,060
Unearned revenues	12,780	35,468
Due to discretely presented component units	1,774	-
Due to Boulder County Housing Authority	-	643,432
Due to Boulder County	1,111,104	-
Tenant security deposits payable	107,442	100,776
Developer fee payable	-	315,089
Notes, mortgages and bonds payable - current portion	476,430	311,865
<b>Total Current Liabilities</b>	<u>2,423,970</u>	<u>51,797,559</u>
<b>Long-Term Liabilities</b>		
Accrued compensated absences	152,939	-
Developer fee payable	-	5,706,533
Accrued interest payable	34,136	2,234,754
Accrued liabilities - long-term	251,170	-
Notes, mortgages and bonds payable - net of current portion	22,105,504	44,470,051
Net pension liability	6,780,837	-
<b>Total Long-Term Liabilities</b>	<u>29,324,586</u>	<u>52,411,338</u>
<b>Total Liabilities</b>	<u>31,748,556</u>	<u>104,208,897</u>
<b>Deferred Inflows - Pensions</b>	<u>36,717</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	4,928,898	24,280,852
Restricted	-	-
Unrestricted	35,802,107	17,851,114
<b>Total Net Position</b>	<u>40,731,005</u>	<u>42,131,966</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 72,516,278</u>	<u>\$ 146,340,863</u>

Boulder County Housing Authority  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2017

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 10,476,118	\$ -
Other grants	3,623,582	-
Rental income	2,055,112	3,241,413
Administration fees	563,397	-
Management fees	114,644	-
Developer fee income	5,441,976	-
Other	318,256	24,684
Total operating revenues	<u>22,593,085</u>	<u>3,266,097</u>
Operating Expenses		
Housing assistance payments	8,236,014	-
Administrative salaries and benefits	2,079,142	317,548
Maintenance salaries and benefits	2,118,668	232,792
Regular and extraordinary maintenance	1,600,365	319,164
Direct client expenses	3,442,301	-
Other administrative	536,933	274,553
Depreciation and amortization	815,360	3,359,431
Utilities	330,794	404,100
Insurance	301,505	149,432
Other expenses	87,549	25,078
Total operating expenses	<u>19,548,631</u>	<u>5,082,098</u>
Operating Income (Loss)	<u>3,044,454</u>	<u>(1,816,001)</u>
Non-Operating Revenues (Expenses)		
Interest income	767,237	4,822
Interest expense	(611,621)	(1,748,023)
Donation of real property	145,150	-
Gain on involuntary conversion of equipment	-	5,218
Total Non-Operating Revenues (Expenses)	<u>300,766</u>	<u>(1,737,983)</u>
Income (Loss) Before Transfers and Other Contributions	3,345,220	(3,553,984)
Contributions		
Member contributions, net of syndication costs	-	22,490,037
Transfers from Boulder County	1,617,653	-
Change in Net Position	4,962,873	18,936,053
Net Position - Beginning of Year	<u>35,768,132</u>	<u>23,195,913</u>
Net Position - End of Year	<u>\$ 40,731,005</u>	<u>\$ 42,131,966</u>

Boulder County Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2017

	Primary Government	Discretely Presented Component Units
Operating Activities		
HUD PHA grants	\$ 10,476,118	\$ -
Other grants	2,907,426	-
Receipts from tenants	2,014,637	3,265,287
Administration fees	563,397	-
Management fee income	114,644	-
Developer fee income	555,051	-
Other income	310,971	24,684
Housing assistance payments	(8,236,014)	-
Payments to employees	(3,576,396)	(550,340)
Payments to suppliers	(6,288,814)	(1,257,932)
Net Cash (used for) from Operating Activities	<u>(1,158,980)</u>	<u>1,481,699</u>
Noncapital Financing Activities		
Advances from related party	1,250,310	36,731
Transfers in from Boulder County	1,617,653	-
Net Cash from Noncapital Financing Activities	<u>2,867,963</u>	<u>36,731</u>
Capital and Related Financing Activities		
Proceeds from construction note payable	-	26,359,258
Payments to related party	-	(828)
Principal payments on long-term debt	(1,102,785)	(266,450)
Proceeds from long-term debt borrowings	1,800,000	-
Interest paid on long-term debt	(577,010)	(1,099,233)
Payments on developer fee payable	-	(555,051)
Member contributions	-	22,490,037
Acquisition of capital assets	(3,896,107)	(25,490,874)
Acquisition of other assets	-	(132,855)
Insurance proceeds received	-	40,987
Net Cash (used for) from Capital and Related Financing Activities	<u>(3,775,902)</u>	<u>21,344,991</u>
Investing Activities		
Issuance of notes receivable	(2,484)	-
Payments received on notes receivable	77,075	-
Interest income	17,561	4,822
Net Cash from Investing Activities	<u>92,152</u>	<u>4,822</u>
Net Change in Cash and Cash Equivalents	(1,974,767)	22,868,243
Cash and Cash Equivalents, Beginning of Year	<u>11,466,617</u>	<u>3,130,973</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 9,491,850</u></u>	<u><u>\$ 25,999,216</u></u>

Boulder County Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Reconciliation of Cash and Cash Equivalents		
Cash	\$ 7,601,811	\$ 24,295,772
Restricted Cash	1,890,039	1,703,444
 Total Cash and Cash Equivalents	 <u>\$ 9,491,850</u>	 <u>\$ 25,999,216</u>
 Reconciliation of operating income (loss) to net cash (used for) from operating activities		
Operating income (loss)	\$ 3,044,454	\$ (1,816,001)
Adjustments to reconcile operating income (loss) to net cash (used for) from operating activities		
Depreciation and amortization	815,360	3,359,431
Change in net pension liability	938,052	-
Changes in assets and liabilities		
Change in receivables	(5,177,968)	(29,124)
Change in prepaid expenses	109,219	(15,876)
Change in inventory	9,419	-
Change in accounts payable	(202,062)	52,107
Change in accrued expenses	179,534	(121,836)
Change in unearned revenues	(716,156)	27,808
Change in due to other agencies	(110,193)	-
Change in security deposits payable	(48,639)	25,190
 Net Cash (used for) from Operating Activities	 <u>\$ (1,158,980)</u>	 <u>\$ 1,481,699</u>
 Supplemental Disclosure of Noncash Investing and Financing Activities		
Increase in capital assets from donation	<u>\$ 145,150</u>	<u>\$ -</u>
 Increase in capital assets from accounta payable - construction	 <u>\$ -</u>	 <u>\$ 3,312,260</u>
 Increase in capital assets from accrued interest	 <u>\$ -</u>	 <u>\$ 352,662</u>
 Increase in capital assets from due to related party	 <u>\$ -</u>	 <u>\$ 551,763</u>
 Increase in capital assets from developer fee payable	 <u>\$ -</u>	 <u>\$ 5,441,976</u>

Boulder County Housing Authority  
Combining Balance Sheet – Component Units  
December 31, 2017

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 578,758	\$ 860,390	\$22,856,624	\$ 24,295,772
Restricted cash and cash equivalents	644,595	1,034,159	24,690	1,703,444
Accounts receivable				
Tenants	26	15,769	3,805	19,600
Other	858	17,189	-	18,047
Due from Boulder County Housing Authority	1,774	-	-	1,774
Prepaid Expenses	-	800	19,504	20,304
Total Current Assets	1,226,011	1,928,307	22,904,623	26,058,941
Other Assets, net of Accumulated Amortization	58,225	86,581	840,129	984,935
Capital Assets				
Non-depreciable	86,500	3,387,965	3,276,533	6,750,998
Depreciable, net	13,069,907	31,060,902	68,415,180	112,545,989
Total Capital Assets	13,156,407	34,448,867	71,691,713	119,296,987
Total Assets	\$ 14,440,643	\$ 36,463,755	\$ 95,436,465	\$ 146,340,863

Boulder County Housing Authority  
Combining Balance Sheet – Component Units  
December 31, 2017

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 6,763	\$ 49,088	\$ 16,991	\$ 72,842
Accounts payable - construction	-	-	3,312,260	3,312,260
Construction loan payable	-	-	46,921,959	46,921,959
Accrued liabilities	5,970	5,628	7,210	18,808
Accrued interest payable	16,964	48,096	-	65,060
Unearned revenues	2,529	9,462	23,477	35,468
Due to Boulder County Housing Authority	11,380	80,289	551,763	643,432
Tenant security deposits payable	21,000	55,086	24,690	100,776
Developer fee payable	34,507	280,582	-	315,089
Notes, mortgages and bonds payable - current portion	27,449	284,416	-	311,865
<b>Total Current Liabilities</b>	<b>126,562</b>	<b>812,647</b>	<b>50,858,350</b>	<b>51,797,559</b>
<b>Long-Term Liabilities</b>				
Developer fee payable	-	264,557	5,441,976	5,706,533
Accrued interest payable	312,196	1,493,682	428,876	2,234,754
Notes, mortgages and bonds payable - net of current portion	4,461,143	26,857,299	13,151,609	44,470,051
<b>Total Long-Term Liabilities</b>	<b>4,773,339</b>	<b>28,615,538</b>	<b>19,022,461</b>	<b>52,411,338</b>
<b>Total Liabilities</b>	<b>4,899,901</b>	<b>29,428,185</b>	<b>69,880,811</b>	<b>104,208,897</b>
<b>Net Position</b>				
Net investment in capital assets	8,667,815	7,307,152	8,305,885	24,280,852
Restricted	-	-	-	-
Unrestricted	872,927	(271,582)	17,249,769	17,851,114
<b>Total Net Position</b>	<b>9,540,742</b>	<b>7,035,570</b>	<b>25,555,654</b>	<b>42,131,966</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 14,440,643</b>	<b>\$ 36,463,755</b>	<b>\$ 95,436,465</b>	<b>\$ 146,340,863</b>



Boulder County Housing Authority  
Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units  
Year Ended December 31, 2017

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
Operating Revenues				
Rental income	\$ 724,748	\$ 2,091,142	\$ 425,523	\$ 3,241,413
Other	1,699	15,159	7,826	24,684
Total operating revenues	<u>726,447</u>	<u>2,106,301</u>	<u>433,349</u>	<u>3,266,097</u>
Operating Expenses				
Administrative salaries and benefits	39,553	73,725	204,270	317,548
Maintenance salaries and benefits	90,870	114,322	27,600	232,792
Regular and extraordinary maintenance	90,453	207,741	20,970	319,164
Other administrative	52,753	135,628	86,172	274,553
Depreciation and amortization	467,273	1,329,713	1,562,445	3,359,431
Utilities	58,690	284,816	60,594	404,100
Insurance	35,134	88,602	25,696	149,432
Other expenses	5,990	5,628	13,460	25,078
Total operating expenses	<u>840,716</u>	<u>2,240,175</u>	<u>2,001,207</u>	<u>5,082,098</u>
Operating Loss	<u>(114,269)</u>	<u>(133,874)</u>	<u>(1,567,858)</u>	<u>(1,816,001)</u>
Non-Operating Revenues (Expenses)				
Interest income	86	1,221	3,515	4,822
Interest expense	(275,073)	(962,902)	(510,048)	(1,748,023)
Gain on involuntary conversion of equipment	4,308	910	-	5,218
Total Non-Operating Revenues (Expenses)	<u>(270,679)</u>	<u>(960,771)</u>	<u>(506,533)</u>	<u>(1,737,983)</u>
Loss Before Other				
Contributions	<u>(384,948)</u>	<u>(1,094,645)</u>	<u>(2,074,391)</u>	<u>(3,553,984)</u>
Other Contributions				
Member contributions, net of syndication costs	<u>-</u>	<u>-</u>	<u>22,490,037</u>	<u>22,490,037</u>
Change in Net Position	(384,948)	(1,094,645)	20,415,646	18,936,053
Net Position - Beginning of Year	<u>9,925,690</u>	<u>8,130,215</u>	<u>5,140,008</u>	<u>23,195,913</u>
Net Position - End of Year	<u>\$ 9,540,742</u>	<u>\$ 7,035,570</u>	<u>\$ 25,555,654</u>	<u>\$ 42,131,966</u>

Boulder County Housing Authority  
Combining Statement of Cash Flows – Component Units  
Year Ended December 31, 2017

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
<b>Operating Activities</b>				
Receipts from tenants	\$ 729,245	\$ 2,066,157	\$ 469,885	\$ 3,265,287
Other income	1,699	15,159	7,826	24,684
Payments to employees	(130,423)	(188,047)	(231,870)	(550,340)
Payments to suppliers	(242,168)	(684,185)	(331,579)	(1,257,932)
<b>Net Cash from Operating Activities</b>	<b>358,353</b>	<b>1,209,084</b>	<b>(85,738)</b>	<b>1,481,699</b>
<b>Noncapital Financing Activity</b>				
Advances from related party	-	36,731	-	36,731
<b>Capital and Related Financing Activities</b>				
Proceeds from construction note payable	-	-	26,359,258	26,359,258
Payments to related party	(828)	-	-	(828)
Principal payments on long-term debt	(25,451)	(240,999)	-	(266,450)
Interest paid on long-term debt	(204,538)	(590,245)	(304,450)	(1,099,233)
Payment on developer fee payable	(136,476)	(418,575)	-	(555,051)
Equity contributions	-	-	22,490,037	22,490,037
Acquisition of capital assets	(36,632)	(5,789)	(25,448,453)	(25,490,874)
Acquisition of other assets	-	-	(132,855)	(132,855)
Insurance proceeds received	35,198	5,789	-	40,987
<b>Net Cash from (used for) Capital and Related Financing Activities</b>	<b>(368,727)</b>	<b>(1,249,819)</b>	<b>22,963,537</b>	<b>21,344,991</b>
<b>Investing Activity</b>				
Interest income	86	1,221	3,515	4,822
<b>Net Change in Cash and Cash Equivalents</b>	<b>(10,288)</b>	<b>(2,783)</b>	<b>22,881,314</b>	<b>22,868,243</b>
Cash and Cash Equivalents, Beginning of Year	1,233,641	1,897,332	-	3,130,973
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,223,353</b>	<b>\$ 1,894,549</b>	<b>\$22,881,314</b>	<b>\$25,999,216</b>

Boulder County Housing Authority  
Combining Statement of Cash Flows – Component Units  
Year Ended December 31, 2017

	Josephine Commons, LLC	Aspinwall, LLC	Kestrel I, LLC	Total
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash	\$ 578,758	\$ 860,390	\$22,856,624	\$24,295,772
Restricted Cash	644,595	1,034,159	24,690	1,703,444
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 1,223,353</u></b>	<b><u>\$ 1,894,549</u></b>	<b><u>\$22,881,314</u></b>	<b><u>\$25,999,216</u></b>
<b>Reconciliation of operating loss to net cash from operating activities</b>				
Operating loss	\$ (114,269)	\$ (133,874)	\$ (1,567,858)	\$ (1,816,001)
Adjustments to reconcile operating loss to net cash from operating activities				
Depreciation and amortization	467,273	1,329,713	1,562,445	3,359,431
Changes in assets and liabilities				
Change in receivables	5,143	(30,462)	(3,805)	(29,124)
Change in prepaid expenses	3,011	617	(19,504)	(15,876)
Change in accounts payable	(2,333)	37,449	16,991	52,107
Change in accrued expenses	174	164	(122,174)	(121,836)
Change in unearned revenues	(396)	4,727	23,477	27,808
Change in security deposits payable	(250)	750	24,690	25,190
<b>Net Cash from Operating Activities</b>	<b><u>\$ 358,353</u></b>	<b><u>\$ 1,209,084</u></b>	<b><u>\$ (85,738)</u></b>	<b><u>\$ 1,481,699</u></b>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>				
Increase in capital assets from accounts payable - construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,312,260</u>	<u>\$ 3,312,260</u>
Increase in capital assets from accrued interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,662</u>	<u>\$ 352,662</u>
Increase in capital assets from due to related party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,763</u>	<u>\$ 551,763</u>
Increase in capital assets from developer fee payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,441,976</u>	<u>\$ 5,441,976</u>

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

### **General**

The Boulder County Housing Authority is a corporate body created in 1975 and uses available federal, state and local resources to serve the residents of Boulder County, Colorado, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 809 units of affordable housing in Boulder County and administers 564 Section 8 housing choice vouchers, 50 family unification program (FUP) vouchers, 52 Section 8 VASH vouchers, and 35 non-elderly disabled (NED) vouchers as of December 31, 2017.

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

### **Reporting Entity**

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

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

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

### **Blended Component Units**

Four additional organizations are included in the financial reporting entity of the Authority as blended component units. MFPH Acquisitions LLC (MFPH) was created in April 2008 for the purpose of receiving certain affordable housing units from the Authority and will hold, manage and, at a future time determined by MFPH, sell the units at fair market value. Josephine Commons Manager, LLC is wholly owned by the Authority and is the managing member of Josephine Commons, LLC. Aspinwall Manager, LLC is wholly owned by the Authority and is the managing member of Aspinwall, LLC. Kestrel Manager, LLC is wholly owned by the Authority and is the managing member of Kestrel I, LLC. The sole member of all four companies is the Boulder County Housing Authority which is able to impose its will on the organizations. Accordingly, the activities and the ending balances of MFPH, Josephine Commons Manager, LLC, Aspinwall Manager, LLC, and Kestrel Manager, LLC are reported within the proprietary funds of the Authority. Josephine Commons Manager, LLC, Aspinwall Manager, LLC, and Kestrel Manager, LLC have little or no activity. Separate financial statements for the blended component units are not issued. Condensed component unit information for MFPH Acquisitions LLC is disclosed in Note 15.

### 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, 2017. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

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

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

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

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

### **Program Accounting**

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

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

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

### **Cash and Cash Equivalents**

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

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

### **Accounts Receivable**

Revenues are recorded when earned and are reported as accounts receivable until collected. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future. As of December 31, 2017, the Authority considered all accounts receivable to be fully collectable.

### **Notes and Interest Receivable**

Notes and interest receivable are carried at amounts advanced, net of reserve for uncollectable accounts, if any. As of December 31, 2017, the Authority considered all notes and interest receivables to be fully collectable.

### **Inventory**

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

### **Capital Assets**

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

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

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

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2017.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/ expenditure) until then. The Authority has two items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal yearend, and changes in the net pension liability (asset) not included in pension expense (revenue) reported in the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. The Authority reports changes in the net pension liability (asset) not included in pension expense (revenue) reported in the statement of net position.

### **Fraud Recovery**

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

### **Operating Revenues and Expenses**

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

### **Restricted and Unrestricted Resources**

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

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

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

### **Unearned Revenues**

As of December 31, 2017, the Authority's unearned revenues consisted of prepaid rents of \$12,780. At December 31, 2017, the discretely presented component units' advanced revenue consisted of prepaid rents of \$17,801 and unearned grant revenue of \$17,667.

### **Components of Net Position**

Components of net position include the following:

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

### **Business and Credit Risk**

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

### **Budgetary**

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

### **Accounting Estimates**

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

### **Pensions**

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



## **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 2017.

#### **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, 2017, 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, 2017, the Authority's carrying amount of deposits was \$9,491,850 and bank balances totaled \$9,555,657. Of the bank balances, \$1,004,751 was covered by Federal Depository Insurance. Of the remaining balances for 2017, \$8,550,906 was collateralized with securities held by the pledging financial institution's agent in the government's name.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2017, investments held by the Authority are held in a local government investment pool totaling \$996,017. These funds are classified as cash and cash equivalents on the balance sheet.

#### **Investments**

##### **Authorized Investments**

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

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

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

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

### **Credit Risk**

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

At December 31, 2017, the Authority had \$996,017 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00.

### **Discretely Presented Component Units**

#### **Custodial Credit Risk**

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

At December 31, 2017, Josephine Commons' carrying amount of deposits was \$1,223,353 and the bank balances totaled \$1,228,037. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$728,037 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

At December 31, 2017, Aspinwall's carrying amount of deposits was \$1,894,549 and the bank balances totaled \$1,908,277. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$1,658,277 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

At December 31, 2017, Kestrel's carrying amount of deposits was \$22,881,314 and the bank balances totaled \$22,991,484. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$22,491,484 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

**Note 3 - Restricted Cash**

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

**Note 4 - Notes Receivable**

	<b>Principal</b>	<b>Accrued Interest</b>
<u>Notes Receivable from Discretely Presented Component Units</u>		
4.3% mortgage note receivable from Josephine Commons under the HOME funds, up to an amount of \$550,000, payments due from cash flow, remaining principal and interest due August 2061, secured by a second mortgage	\$ 550,000	\$ 141,091
4.3% mortgage note receivable from Josephine Commons under the AHP fund, payments due from cash flow, remaining principal and interest due August 2061, secured by a third mortgage	250,000	62,998
4.3% mortgage note receivable from Josephine Commons under the Worth Cause Funds I program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fourth mortgage	200,000	48,078
4.3% mortgage note receivable from Josephine Commons under the Worthy Cause Funds II program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fifth mortgage	200,000	48,078
0.5% note receivable from Josephine Commons, due from cash flow, remaining principal and interest due August 2061, unsecured	443,293	11,951
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	270,000	22,108
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	442,035	57,229
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	430,000	55,671

Boulder County Housing Authority  
Notes to Financial Statements  
December 31, 2017

	<u>Principal</u>	<u>Accrued Interest</u>
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	\$ 623,023	\$ 45,002
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	464,754	38,054
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	5,289,998	684,879
2.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	3,020,000	390,989
1.8% note receivable from Aspinwall, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	2,762,296	199,750
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	2,600,000	99,227
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	1,000,000	38,164
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	350,000	13,358
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, note may be drawn to a maximum of \$1,045,002, secured by a deed of trust on the property	558,881	19,205
2.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	580,297	22,147
4.0% note receivable from Kestrel, payments are to be made from available cash flow, unpaid principal and interest due March 2066, note may be drawn to a maximum of \$4,200,000, secured by a deed of trust on the property	2,900,000	211,121
1.0% note receivable from Kestrel - see (C) below	<u>1,450,000</u>	<u>25,654</u>
Total Notes Receivable from Discretely Presented Component Units	<u>24,384,577</u>	<u>2,234,754</u>

Boulder County Housing Authority  
Notes to Financial Statements  
December 31, 2017

	<b>Principal</b>	<b>Accrued Interest</b>
<u>Notes Receivable - Other</u>		
Notes receivable on two homes built through the Youthbuild program, interest calculated at below-market rate, principal and accrued interest payable upon sale of the properties by the owners, secured by second mortgages on the properties	\$ 102,163	\$ -
5% note receivable from Eagle Place Partners, LLLP, payment of annual principal and interest subject to cash flow distributions in the partnership agreement through the maturity date of April, 2047, secured by a deed of trust on the property - See (A) below	955,000	663,807
3% note receivable from Eagle Place Partners, LLLP, payment of annual principal and interest subject to cash flow distributions in the partnership agreement through the maturity date of April, 2047, secured by a deed of trust on the property - See (A) below	451,721	53,623
Thirty-nine notes receivable for the Boulder County Rehabilitation Program, interest calculated at varying interest rates from 1% to 5%, payments due monthly on twenty-nine notes, payments deferred until maturity on ten notes - See (B) below	236,003	-
Eight non-interest-bearing notes receivable for the CDBG-DR Rehab Program, payments deferred for ten years, payments to begin in 2025 in varying monthly increments through maturity	195,190	-
Total Notes Receivable - Other	1,940,077	717,430
Total Notes Receivable	\$ 26,324,654	\$ 2,952,184

- (A) The covenants of these notes require Eagle Partners, LLC to provide affordable housing units to households whose income is equal to or less than 60% of the listed area median income (AMI). No accrued interest was paid on these notes in 2017.
- (B) These notes are issued to low-income residents of Boulder County who receive rehabilitation services on their home.
- (C) No payments of principal and interest are due through December 31, 2017. Thereafter, interest is to be paid in ten annual installments of \$14,779 beginning June 1, 2019 and continuing the first day of June each subsequent year through June 1, 2028. Annual installments of principal and interest of \$304,511 are to begin June 1, 2029 and continue on the first day of June each subsequent year through June 1, 2033. If principal has been prepaid on the note, the annual installments are to be recalculated to amortize the balance over a five-year period. If not paid earlier, the entire principal and interest balance is due April 1, 2034.

**Note 5 - Capital Assets**

The following is a summary of property, structures and equipment for the year ended December 31, 2017:

**Primary Government**

	Balance January 1	Additions	Transfers	Disposals	Balance December 31
<b>Nondepreciable assets:</b>					
Land	\$ 5,443,807	\$ 3,888,942	\$ 100,000	\$ -	\$ 9,432,749
Construction in progress	379,062	154,760	(100,000)	(126,017)	307,805
Total capital assets not being depreciated	<u>5,822,869</u>	<u>4,043,702</u>	<u>-</u>	<u>(126,017)</u>	<u>9,740,554</u>
<b>Depreciable assets:</b>					
Computer equipment/software	47,819	-	-	-	47,819
Equipment	-	88,123	-	-	88,123
Furniture and fixtures	240,095	-	(100,331)	-	139,764
Buildings and improvements	27,949,180	-	100,331	-	28,049,511
Land improvements	27,996	-	-	-	27,996
Vehicles	856,886	35,349	-	-	892,235
Total buildings and improvements	<u>29,121,976</u>	<u>123,472</u>	<u>-</u>	<u>-</u>	<u>29,245,448</u>
<b>Accumulated depreciation:</b>					
Computer equipment/software	(47,819)	-	-	-	(47,819)
Equipment	-	-	-	-	-
Furniture and fixtures	(81,441)	(50,557)	38,888	-	(93,110)
Buildings and improvements	(13,320,124)	(732,978)	(38,888)	-	(14,091,990)
Vehicles	(770,847)	(31,825)	-	-	(802,672)
Total accumulated depreciation	<u>(14,220,231)</u>	<u>(815,360)</u>	<u>-</u>	<u>-</u>	<u>(15,035,591)</u>
Total capital assets being depreciated	<u>14,901,745</u>	<u>(691,888)</u>	<u>-</u>	<u>-</u>	<u>14,209,857</u>
Total capital assets, net	<u>\$ 20,724,614</u>	<u>\$ 3,351,814</u>	<u>\$ -</u>	<u>\$ (126,017)</u>	<u>\$ 23,950,411</u>

**Discretely Presented Component Units**

*Josephine Commons*

	Balance January 1	Additions	Transfers	Disposals	Balance December 31
Nondepreciable assets:					
Land	\$ 86,500	\$ -	\$ -	\$ -	\$ 86,500
Depreciable assets:					
Land improvements	1,534,359	-	-	-	1,534,359
Furniture and fixtures	465,050	-	-	-	465,050
Buildings and improvements	13,525,204	36,631	-	(34,643)	13,527,192
Total buildings and improvements	15,524,613	36,631	-	(34,643)	15,526,601
Accumulated depreciation:					
Land improvements	(332,444)	(76,718)	-	-	(409,162)
Furniture and fixtures	(201,522)	(46,505)	-	-	(248,027)
Buildings and improvements	(1,465,231)	(338,893)	-	4,619	(1,799,505)
Total accumulated depreciation	(1,999,197)	(462,116)	-	4,619	(2,456,694)
Total capital assets being depreciated	13,525,416	(425,485)	-	(30,024)	13,069,907
Total capital assets, net	\$ 13,611,916	\$ (425,485)	\$ -	\$ (30,024)	\$ 13,156,407

Boulder County Housing Authority  
Notes to Financial Statements  
December 31, 2017

*Aspinwall*

	<u>Balance January 1</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance December 31</u>
Nondepreciable assets:					
Land	\$ 3,387,965	\$ -	\$ -	\$ -	\$ 3,387,965
Depreciable assets:					
Land improvements	2,737,976	-	-	-	2,737,976
Geothermal	1,856,997	-	-	-	1,856,997
Appliances	162,967	-	-	-	162,967
Furniture and fixtures	340,510	-	-	-	340,510
Buildings and improvements	30,515,110	5,789	-	(5,485)	30,515,414
Total buildings and improvements	<u>35,613,560</u>	<u>5,789</u>	<u>-</u>	<u>(5,485)</u>	<u>35,613,864</u>
Accumulated depreciation:					
Land improvements	(319,431)	(136,899)	-	-	(456,330)
Geothermal	(866,598)	(371,399)	-	-	(1,237,997)
Appliances	(38,026)	(16,297)	-	-	(54,323)
Furniture and fixtures	(78,857)	(34,766)	-	-	(113,623)
Buildings and improvements	(1,928,417)	(762,878)	-	606	(2,690,689)
Total accumulated depreciation	<u>(3,231,329)</u>	<u>(1,322,239)</u>	<u>-</u>	<u>606</u>	<u>(4,552,962)</u>
Total capital assets being depreciated	<u>32,382,231</u>	<u>(1,316,450)</u>	<u>-</u>	<u>(4,879)</u>	<u>31,060,902</u>
Total capital assets, net	<u>\$ 35,770,196</u>	<u>\$ (1,316,450)</u>	<u>\$ -</u>	<u>\$ (4,879)</u>	<u>\$ 34,448,867</u>



Boulder County Housing Authority  
Notes to Financial Statements  
December 31, 2017

*Kestrel*

	<u>Balance January 1</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance December 31</u>
Nondepreciable assets:					
Land	\$ 2,900,000	\$ 376,533	\$ -	\$ -	\$ 3,276,533
Construction in progress	41,155,899	-	(40,851,822)	-	304,077
Total capital assets not being depreciated	<u>44,055,899</u>	<u>376,533</u>	<u>(40,851,822)</u>	<u>-</u>	<u>3,580,610</u>
Depreciable assets:					
Land improvements	-	4,412,313	-	-	4,412,313
Geothermal	-	4,801,542	-	-	4,801,542
Equipment	-	1,059,641	-	-	1,059,641
Furniture and fixtures	-	531,671	-	-	531,671
Buildings and improvements	-	18,012,259	40,851,822	-	58,864,081
Total buildings and improvements	<u>-</u>	<u>28,817,426</u>	<u>40,851,822</u>	<u>-</u>	<u>69,669,248</u>
Accumulated depreciation:					
Land improvements	-	(165,462)	-	-	(165,462)
Geothermal	-	(720,231)	-	-	(720,231)
Equipment	-	(79,473)	-	-	(79,473)
Furniture and fixtures	-	(39,875)	-	-	(39,875)
Buildings and improvements	-	(553,104)	-	-	(553,104)
Total accumulated depreciation	<u>-</u>	<u>(1,558,145)</u>	<u>-</u>	<u>-</u>	<u>(1,558,145)</u>
Total capital assets being depreciated	<u>-</u>	<u>27,259,281</u>	<u>40,851,822</u>	<u>-</u>	<u>68,111,103</u>
Total capital assets, net	<u>\$ 44,055,899</u>	<u>\$ 27,635,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,691,713</u>

**Note 6 - Construction Note Payable**

**Discretely Presented Component Units**

*Kestrel*

Kestrel I LLC is financing the construction of the Kestrel project in part with a variable rate note payable to CitiBank, N.A. The construction note is expected to be converted to permanent financing upon the earlier of the completion of the conditions specified in the note agreement or September 1, 2018, the outside conversion date. Kestrel has the option to extend the outside conversion date to March 1, 2019, if certain conditions are met. Interest prior to the conversion date is calculated at the current LIBOR rate plus 1.85% (3.21% at December 31, 2017) with a maximum rate of 12%. The interest rate is reset on a monthly basis. Monthly payments of interest are to be made through the date the loan is converted to permanent financing. Upon conversion, the interest rate is to be set at a fixed rate of 3.96% through the maturity date of March 1, 2049. The note may be drawn to a maximum of \$53,500,000. As of December 31, 2017, Kestrel owed principal of \$46,921,959 on this note. Capital contributions received by Kestrel may be applied to the principal balance of the note prior to the conversion date. The note is secured by a deed of trust and an assignment of rents on the Kestrel property.

**Note 7 - Long-Term Debt**

During the year ended December 31, 2017, 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	\$ 6,813,302	\$ 1,800,000	\$ (747,750)	\$ 7,865,552	\$ 110,513
Bonds Payable	15,071,417	-	(355,035)	14,716,382	365,917
Total long-term debt	<u>\$ 21,884,719</u>	<u>\$ 1,800,000</u>	<u>\$ (1,102,785)</u>	<u>\$ 22,581,934</u>	<u>\$ 476,430</u>

**Discretely Presented Component Units**

*Josephine Commons*

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 4,508,741	-	\$ (20,149)	\$ 4,488,592	\$ 27,449

*Aspinwall*

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 27,364,304	\$ -	\$ (222,589)	\$ 27,141,715	\$ 284,416

*Kestrel*

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 13,151,609	\$ -	\$ -	\$ 13,151,609	\$ -

Long-term debt as of December 31, 2017, 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	\$ 200,934
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	862,371
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	140,598
2% mortgage note payable, due in monthly principal and interest installments of \$2,120 with a maturity date of June 2046, secured by a deed of trust on the property and an assignment of rents	552,253
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	137,617
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	30,145
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	74,450
0% note payable to Boulder County, entire principal balance due April 2024, unsecured	2,581,500

1% note payable to Boulder County, entire principal balance due July 2047, secured by a deed of trust on the property	\$ 1,800,000
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	35,684
1% mortgage note payable - see (A) below	<u>1,450,000</u>
Total notes and mortgages payable	<u>7,865,552</u>

**Bonds Payable**

Series 2012 Housing Revenue Bonds - See (B) below	6,914,506
Series 2013 Housing Revenue Bonds - See (C) below	1,098,686
Series 2013 Housing Revenue Bonds - See (D) below	<u>6,703,190</u>
Total Bonds Payable	<u>14,716,382</u>

**Total Long-Term Debt** \$ 22,581,934

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

**Discretely Presented Component Units**

*Josephine Commons*

7.0% mortgage note payable to Berkadia Commercial Mortgage, Inc., due in monthly principal and interest payments of \$19,166 through November 2029, secured by a deed of trust and assignment of rents, net of unamortized debt issuance costs of \$62,739, based upon an effective rate of 7.35%	\$ 2,845,299
4.3% mortgage note payable to Boulder County Housing Authority (BCHA) under the HOME funds, payments due from cash flow, remaining principal and interest due August 2061, secured by a second mortgage	550,000
4.3% mortgage note payable to BCHA under the AHP funds, payments due from cash flow, remaining principal and interest due August 2061, secured by a third mortgage	250,000
4.3% mortgage note payable to BCHA under the Worthy Cause Funds I program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fourth mortgage	200,000
4.3% mortgage note payable to BCHA under the Worthy Cause Funds II program, entire principal balance will be forgiven after a term of 99 years unless canceled earlier, secured by a fifth mortgage	200,000
0.5% note payable to BCHA, due from cash flow, remaining principal and interest due August 2061, unsecured	443,293
	\$ 4,488,592

*Aspinwall*

1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	\$ 270,000
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	442,035
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	430,000
1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	623,023
1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	464,754
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	5,289,998
2.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	3,020,000
1.8% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due July 2063, secured by a deed of trust on the property	2,762,296
4.2% note payable to FirstBank, monthly payments of \$65,348, including interest through maturity date of August 2031, secured by a deed of trust, net of unamortized debt issuance costs of \$250,063, based upon an effective interest rate of 4.47% - see (A) below	12,460,430

6.75% note payable to Mile High Community Loan Fund, Inc., monthly payments of principal and interest are to be made through maturity in 2033, secured by a deed of trust on the property	\$ 641,660
0% note payable to the State of Colorado, due in annual installments from available cash flow beginning April 2016 in the amount of \$24,584, including interest, through maturity date of August 2045, secured by a deed of trust	<u>737,519</u>
	<u>\$27,141,715</u>

*Kestrel*

2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	\$ 2,600,000
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	1,000,000
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	350,000
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, note may be drawn to a maximum of \$1,045,002, secured by a deed of trust on the property	558,881
2.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, secured by a deed of trust on the property	580,297
4.0% note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due March 2066, note may be drawn to a maximum of \$4,200,000, secured by a deed of trust on the property	2,900,000

1.0% note payable to BCHA - see (B) below	\$ 1,450,000
0.0% note payable to the State of Colorado - see (C) below	<u>3,712,431</u>
	<u><u>\$ 13,151,609</u></u>

- (A) The Company has covenants related to, among other matters, the maintenance of debt coverage ratios and invested in cash balance requirements.
- (B) No payments of principal and interest are due through December 31, 2017. Thereafter, interest is to be paid in ten annual installments of \$14,779 beginning June 1, 2019 and continuing the first day of June each subsequent year through June 1, 2028. Annual installments of principal and interest of \$304,511 are to begin June 1, 2029 and continue on the first day of June each subsequent year through June 1, 2033. If principal has been prepaid on the note, the annual installments are to be recalculated to amortize the balance over a five-year period. If not paid earlier, the entire principal and interest balance is due April 1, 2034. The note is secured by a deed of trust on the property.
- (C) No payments of principal and interest are due through December 31, 2018. Thereafter, principal and interest are to be paid in thirty-three annual installments of \$112,497 beginning June 1, 2019 and continuing the first day of June each subsequent year until the maturity date of March 1, 2051 at which time all remaining principal is due. Annual payments are to be made from 50% of available cash flow as defined by the Amended and Restated Operating Agreement of the Borrower. The note is secured by a deed of trust on the property.



The estimated debt requirements to maturity for the year ending December 31, 2017 are as follows:

**Primary Government**

	Principal	Interest	Total
2018	\$ 476,430	\$ 579,343	\$ 1,055,773
2019	490,318	580,212	1,070,530
2020	498,738	565,882	1,064,620
2021	505,061	551,285	1,056,346
2022	520,095	536,251	1,056,346
2023-2027	11,205,743	2,315,909	13,521,652
2028-2032	6,364,207	546,289	6,910,496
2033-2037	1,639,594	309,275	1,948,869
2038-2042	457,317	41,558	498,875
2043-2047	424,431	13,336	437,767
Total	\$ 22,581,934	\$ 6,039,340	\$ 28,621,274

**Discretely Presented Component Units**

*Josephine Commons*

	Principal
2018	\$ 27,449
2019	29,434
2020	31,561
2021	33,843
2022	36,289
2023-2027	222,579
2028-2032	2,526,883
2033-2060	-
2061	1,243,293
2112	400,000
Unamortized debt issuance costs	(62,739)
Total	\$ 4,488,592

*Aspinwall*

	Principal
2018	\$ 284,416
2019	295,645
2020	307,363
2021	319,589
2022	332,348
2023-2027	1,868,402
2028-2032	9,768,410
2033-2037	667,659
2038-2042	122,920
2043-2047	122,920
2048-2062	-
2063	13,302,106
Unamortized debt issuance costs	(250,063)
 Total	 \$ 27,141,715

*Kestrel*

	Principal
2018	\$ -
2019	-
2020	-
2021	-
2022	-
2023-2027	-
2028-2032	1,154,212
2033-2037	295,788
2038-2050	-
2051	3,712,431
2052-2065	-
2066	7,989,178
Unamortized debt issuance costs	-
 Total	 \$ 13,151,609

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

**Note 8 - Conduit Debt**

Trinity Commons

The Authority is authorized by state statutes to issue private activity bonds to private parties for projects that serve certain specified public purposes, such as affordable housing. In 2016, the Authority issued Multifamily Housing Revenue Bonds in the amount of \$2,600,000 to finance the acquisition and rehabilitation of a 16-unit multifamily housing project known as Trinity Commons in Boulder, Colorado. Repayment of the bonds is secured by the revenues from the Trinity Commons project. The Authority, as the conduit issuer of the bonds, is not financially obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2017, the outstanding principal balance of the bonds was \$50,001.

Kestrel

The Authority is authorized by state statutes to issue private activity bonds to private parties for projects that serve certain specified public purposes, such as affordable housing. In 2016, the Authority issued Multifamily Housing Revenue Bonds to finance the acquisition and rehabilitation of a 200-unit multifamily housing project known as Kestrel in Louisville, Colorado. Repayment of the bonds is secured by the revenues from the Kestrel project. The Authority, as the conduit issuer of the bonds, is not financially obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The original bond issuance was \$53,500,000. At December 31, 2017, the outstanding principal balance of the bonds was \$46,921,959.

**Note 9 - Compensated Absences**

A summary of the activity in the Authority's compensated absences for the year ended December 31, 2017 is as follows:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated absences	\$ 170,074	\$ 238,776	\$ (238,877)	\$ 169,973	\$ 17,034

**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 \$8,045,435 on this contract during the year ended December 31, 2017.

## Note 11 - Defined Benefit Pension Plan

### Plan Description

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

### Benefits provided

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

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

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

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

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

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

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

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

**Contributions**

Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$409,439 for the year ended December 31, 2017.

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

At December 31, 2017, the Authority reported a liability of \$6,780,837 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Authority's proportion was .502 percent, which was a decrease of .028 from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Authority recognized pension expense of \$621,515. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	120,668	-
Changes of assumptions or other inputs	480,976	(19,609)
Net difference between projected and actual earnings on pension plan investments	814,349	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	578	(17,108)
Contributions subsequent to the measurement date	409,439	-
<b>Total</b>	<b>1,826,010</b>	<b>(36,717)</b>

\$409,439 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>	
2018	\$ 783,921
2019	\$ 360,005
2020	\$ 228,185
2021	\$ 7,743
2022	\$ -
Thereafter	\$ -

**Actuarial assumptions**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.



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

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

### **Discount Rate**

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

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 9,998,033	\$ 6,780,837	\$ 4,116,646

**Pension plan fiduciary net position**

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

**Note 12 - Defined Contribution Pension Plan**

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

The 401(k) Plan is funded by voluntary employee contributions of up to a maximum limit set by the IRS (\$18,000 for the calendar years 2017, 2016, and 2015. Catch-up contributions up to \$6,000 each year for the calendar years 2017, 2016, and 2015 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC Section 414(v). The contribution requirements for the Authority are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended December 31, 2017, 2016, and 2015, the 401(k) Plan employee contributions from the Authority were \$10,748, \$24,241, and \$20,453, respectively.

## **Note 13 - Related Party Transactions**

### **Developer Fees**

#### *Josephine Commons*

Josephine Commons, LLC (Josephine Commons) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Josephine Commons. Developer fees of \$1,351,067 incurred by Josephine Commons to the Authority have been capitalized as part of the building. During 2017, Josephine Commons paid developer fees of \$136,476 to the Authority. As of December 31, 2017, Josephine Commons owed the Authority \$34,507 for developer fees. The remaining developer fees are expected to be paid from net cash flow.

#### *Aspinwall*

Aspinwall, LLC (Aspinwall) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Aspinwall. Developer fees of \$3,400,442 have been incurred and capitalized as part of the building. During 2017, Aspinwall paid developer fees of \$418,575 to the Authority. As of December 31, 2017, Aspinwall owed the Authority \$545,139 for developer fees. The remaining developer fees are expected to be paid from net cash flow.

#### *Kestrel*

Kestrel I, LLC (Kestrel) has entered into a development agreement with the Authority in which the Authority is to provide services in connection with the development and construction of the project owned by Kestrel. Total developer fees of \$6,091,976 are expected to be earned by the Authority under this agreement. During 2017, no developer fees were paid to the Authority by Kestrel. The remaining balance of \$5,441,976 has been earned and will be paid in accordance with the developer agreement.

### **Mortgage Notes and Accrued Interest**

#### *Josephine Commons*

Josephine Commons has entered into multiple loan agreements with the Authority – see Note 7. During 2017, Josephine Commons incurred interest expense of \$65,381 in relation to these mortgage notes payable. As of December 31, 2017, Josephine Commons owes the Authority \$312,196 for accrued interest.

#### *Aspinwall*

Aspinwall has entered into multiple loan agreements with the Authority – see Note 7. During 2017, Aspinwall incurred interest expense of \$355,098 in relation to these mortgage notes payable. As of December 31, 2017, Aspinwall owes the Authority \$1,493,682 for accrued interest.

*Kestrel*

Kestrel has entered into multiple loan agreements with the Authority – see Note 7. During 2017, Kestrel incurred interest of \$428,876 to the Authority on these mortgage notes payable, of which \$352,662 has been capitalized as part of building costs. As of December 31, 2017, Kestrel owes the Authority \$428,876 for accrued interest.

**Due from Related Party**

*Josephine Commons*

As of December 31, 2017, Josephine Commons owed the Authority \$11,380 for costs related to operations.

*Aspinwall*

As of December 31, 2017, Aspinwall owed the Authority \$80,289 for costs paid on behalf of the project by the Authority, including construction costs, accrued wages and benefits.

*Kestrel*

As part of the construction process for the Kestrel project, the Authority periodically pays monthly interest payments on the Kestrel construction loan and smaller vendor invoices prior to Kestrel's construction draws. The Authority is then reimbursed for these payments by Kestrel from the subsequent construction draw, typically within 30 days. As of December 31, 2017, Kestrel owed the Authority \$551,763 for these costs.

**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 2017, Josephine Commons incurred management fees of \$34,484 to the Authority.

*Aspinwall*

Aspinwall has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Aspinwall is to pay management fees equal to the lesser of \$480 per unit or 5.5% of effective gross income. During 2017, Aspinwall incurred management fees of \$80,160 to the Authority.

*Kestrel*

Kestrel has entered into a management agreement with the Authority under which the Authority is to provide management services for the project. Under the terms of the agreement, Kestrel is to pay management fees equal to 4.5% of effective gross income. During 2017, Kestrel incurred management fees of \$19,149 to the Authority.

## **Reimbursement of Expenses**

### *Josephine Commons*

During 2017, Josephine Commons reimbursed the Authority approximately \$136,100 for payroll and other expenses.

### *Aspinwall*

During 2017, Aspinwall reimbursed the Authority approximately \$205,900 for payroll and other expenses.

### *Kestrel*

During 2017, Kestrel reimbursed the Authority approximately \$95,500 for payroll and other expenses.

## **Incentive Management Fee**

Pursuant to the operating agreement, Josephine Commons is to pay the Authority for their services in managing the business of Josephine Commons, a non-cumulative fee equal to 80% of cash flow remaining after other required payments. At no time is the fee to exceed 10% of gross revenues in any year. There were no incentive management fees paid by Josephine Commons to the Authority during 2017.

## **Operating Deficit Guaranty**

### *Josephine Commons*

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

### *Aspinwall*

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

### *Kestrel*

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

**Due from Boulder County**

At December 31, 2017, the Authority was owed \$367,477 from Boulder County for rental assistance, costs of rehabilitation, and operating expenses.

**Notes Payable to Boulder County**

The Authority has entered into multiple loan agreements with Boulder County. Terms of these notes are included in Note 7 to the financial statements. During 2017, the Authority incurred interest expense of \$8,482 in relation to these mortgage notes payable. As of December 31, 2017, the Authority owes \$8,482 for accrued interest.

**Due to Boulder County**

At December 31, 2017, the Authority owed Boulder County \$1,111,104 for payroll and other operating expenses paid by the County.

**Transfers to/from Primary Government**

During 2017, the Authority received transfers of \$1,617,653 from Boulder County consisting of \$130,000 for Operating Subsidy; \$700,000 for Housing Stabilization; \$500,000 towards the purchase of land in the City of Lafayette, Colorado; and \$287,653 for LPEC Allocation.

**Note 14 - Donation of Real Property**

During 2017, the Authority acquired land located in the City of Lafayette through intergovernmental agreements with the City of Lafayette and Boulder County. The land was valued at \$3,495,150 and was purchased with cash of \$1,050,000, a transfer from Boulder County of \$500,000, a note payable to Boulder County of \$1,800,000 and a donation from the City of Lafayette of \$145,150. The City of Lafayette agreed to provide future reimbursements to support the acquisition in the amount of \$3,350,000 over a period of years subject to annual appropriations by the City Council as well as availability from one of the City's specific revenue sources.

**Note 15 - Condensed Component Unit Information**

Condensed component unit information for MFPH Acquisitions LLC, the Authority's blended component unit, for the year ended December 31, 2017, is as follows:

**Condensed Balance Sheet**

Assets	
Current Assets	\$ 416,256
Notes Receivable	3,020,000
Accrued Interest	390,989
Capital Assets	<u>1,817,604</u>
Total Assets	<u>\$ 5,644,849</u>
Liabilities	
Current Liabilities	\$ 42,920
Net Position	<u>5,601,929</u>
Total Liabilities and Net Position	<u>\$ 5,644,849</u>



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

Operating Revenues	
Tenant rent	\$ 248,458
Rental assistance	118,296
Other	3,648
Total Operating Revenues	370,402
Operating Expenses	
Administrative salaries and benefits	39,576
Maintenance salaries and benefits	62,757
Regular and extraordinary maintenance	70,585
Other administrative	32,212
Depreciation and amortization	82,850
Utilities	28,638
Insurance	16,713
Other	-
Total Operating Expenses	333,331
Operating Income	37,071
Nonoperating Income (Expense)	
Interest income	92,942
Interest expense	(46,332)
Total Nonoperating Income (Expense)	46,610
Contributions	
Transfers from Boulder County Housing Authority	13,318
Change in net position	96,999
Net Position, Beginning of year	5,504,930
Net Position, End of year	\$ 5,601,929

**Condensed Statement of Cash Flows**

Net Cash from Operating Activities	\$ 162,293
Net Cash from Noncapital Financing Activities	19,659
Net Cash Used for Capital and Related Financing Activities	(46,332)
Net Cash from Investing Activities	36
Transfers from Boulder County Housing Authority	<u>13,318</u>
Net Change in Cash and Cash Equivalents	148,974
Cash and Cash Equivalents, Beginning of year	<u>247,250</u>
Cash and Cash Equivalents, End of year	<u><u>\$ 396,224</u></u>



Required Supplementary Information  
December 31, 2017

# Boulder County Housing Authority

**Boulder County Housing Authority**  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Local Government Division Trust Fund of Colorado Public Employees' Retirement Association  
 December 31, 2017

---

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

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

Boulder County Housing Authority  
Schedule of the Authority's Contributions  
Local Government Division Trust Fund of Colorado Public Employees' Retirement Association  
December 31, 2017

---

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

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



Supplementary Information  
December 31, 2017

# Boulder County Housing Authority

**Boulder County Housing Authority**  
**Combining Balance Sheet**  
**December 31, 2017**

	Community Development Block Grant Disaster Recovery Grants 14,269	Section 8 Housing Assistance 14,195	Housing Counseling Assistance 14,169	Rural Rental Housing Loans 10,415	Community Development Block Grants/State's Program 14,228	Rural Rental Assistance Payments 10,427	Community Development Block Grants 14,218	Weatherization Assistance 81,042
<b>Assets and Deferred Outflows</b>								
Cash and cash equivalents	\$ -	\$ 131,813	\$ -	\$ -	\$ -	\$ 48,988	\$ -	\$ -
Restricted cash and cash equivalents	-	7,056	-	-	260,205	370,746	-	-
Accounts receivable								
Tenants	-	977	-	-	-	927	-	-
Developer fees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	5,694	-	-
Due from other agencies	-	-	-	-	17,811	-	-	35,909
Due from component units	-	-	-	-	-	-	-	-
Due from Boulder County	195,235	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	1,244	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total current assets	195,235	139,846	-	-	279,260	426,355	-	35,909
Developer fees	-	-	-	-	-	-	-	-
Notes receivable	195,190	-	-	-	236,003	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Non-depreciable capital assets	-	67,617	-	56,316	-	-	-	-
Depreciable capital assets, net	-	102,803	-	1,424,290	-	-	-	-
Total assets	390,425	310,266	-	1,480,606	515,263	426,355	-	35,909
Deferred Outflows - Pensions	-	-	-	-	-	-	-	-
Total assets and deferred outflows	\$ 390,425	\$ 310,266	\$ -	\$ 1,480,606	\$ 515,263	\$ 426,355	\$ -	\$ 35,909
<b>Liabilities, Deferred Inflows and Net Position</b>								
<b>Liabilities</b>								
Accounts payable	\$ 195,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	1,957	-	-	-	-
Unearned revenues	-	87	-	-	-	560	-	-
Due to discretely presented component units	-	-	-	-	-	-	-	-
Due to Boulder County	-	-	-	-	-	-	-	-
Tenant security deposits payable	-	7,056	-	-	-	15,377	-	-
Notes, mortgages and bonds payable - current	-	-	-	9,554	-	-	-	-
Total current liabilities	195,190	7,143	-	11,511	-	15,937	-	-
<b>Noncurrent Liabilities</b>								
Accrued compensated absences	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-
Accrued liabilities - long-term	-	-	-	-	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	-	-	-	1,194,349	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	1,194,349	-	-	-	-
Total liabilities	195,190	7,143	-	1,205,860	-	15,937	-	-
Deferred Inflows - Pension	-	-	-	-	-	-	-	-
<b>Net Position</b>								
Net investment in capital assets	-	170,420	-	276,703	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Unrestricted	195,235	132,703	-	(1,957)	515,263	410,418	-	35,909
Total net position	195,235	303,123	-	274,746	515,263	410,418	-	35,909
Total liabilities, deferred outflows and net position	\$ 390,425	\$ 310,266	\$ -	\$ 1,480,606	\$ 515,263	\$ 426,355	\$ -	\$ 35,909

Boulder County Housing Authority  
Combining Balance Sheet  
December 31, 2017

Housing Choice Vouchers/Family Unification Program 14.871 / 14.880	MFPH	Emergency Shelter Grant Program 14.231	Low-Income Home Energy Assistance 93.568	HOME Investment Partnership Program 14.239	Farm Labor Housing Loans and Grants 10.405	Other Federal Programs	Business Activities	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	Total	Elimination of Intercompany Activity	Total
\$ 366,861	\$ 384,981	\$ -	\$ -	\$ 188,705	\$ -	\$ -	\$ 6,480,463	\$ -	\$ -	\$ 7,601,811	\$ -	\$ 7,601,811
326,944	11,243	-	-	-	-	-	913,845	-	-	1,890,039	-	1,890,039
107,019	1,721	-	-	-	-	-	36,654	-	-	147,298	-	147,298
-	-	-	-	-	-	-	315,089	-	-	315,089	-	315,089
-	-	-	-	2,592	-	-	41,066	-	-	49,352	-	49,352
432	13,261	11,850	99,765	69,434	-	2,650	118,843	-	142,374	512,329	(11,277)	501,052
-	-	-	-	-	-	-	643,432	-	-	643,432	-	643,432
-	-	-	-	-	-	-	172,242	-	-	367,477	-	367,477
-	5,050	-	-	-	-	-	38,456	-	-	44,750	-	44,750
-	-	-	-	-	-	-	109,686	-	-	109,686	-	109,686
801,256	416,256	11,850	99,765	260,731	-	2,650	8,869,776	-	142,374	11,681,263	(11,277)	11,669,986
-	-	-	-	-	-	-	5,706,533	-	-	5,706,533	-	5,706,533
-	3,020,000	-	-	-	-	-	22,873,461	-	-	26,324,654	-	26,324,654
-	390,989	-	-	-	-	-	2,561,195	-	-	2,952,184	-	2,952,184
-	-	-	-	-	-	-	86,500	-	-	86,500	-	86,500
-	561,321	-	-	-	274,563	-	8,780,737	-	-	9,740,554	-	9,740,554
-	1,256,283	-	-	-	1,251,604	-	10,174,877	-	-	14,209,857	-	14,209,857
-	5,228,593	-	-	-	1,526,167	-	50,183,303	-	-	59,020,282	-	59,020,282
801,256	5,644,849	11,850	99,765	260,731	1,526,167	2,650	59,053,079	-	142,374	70,701,545	(11,277)	70,690,268
-	-	-	-	-	-	-	1,826,010	-	-	1,826,010	-	1,826,010
\$ 801,256	\$ 5,644,849	\$ 11,850	\$ 99,765	\$ 260,731	\$ 1,526,167	\$ 2,650	\$ 60,879,089	\$ -	\$ 142,374	\$ 72,527,555	\$ (11,277)	\$ 72,516,278
\$ -	\$ 31,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,842	\$ -	\$ -	\$ 482,642	\$ (11,277)	\$ 471,365
81,164	-	-	-	-	-	-	102,690	-	-	183,854	-	183,854
-	-	-	-	-	-	-	17,034	-	-	17,034	-	17,034
-	-	-	-	-	202	-	40,028	-	-	42,187	-	42,187
-	67	-	-	-	-	-	12,066	-	-	12,780	-	12,780
-	-	-	-	-	-	-	1,774	-	-	1,774	-	1,774
-	-	-	-	-	-	-	1,111,104	-	-	1,111,104	-	1,111,104
-	11,243	-	-	-	-	-	73,766	-	-	107,442	-	107,442
-	-	-	-	-	21,093	-	445,783	-	-	476,430	-	476,430
81,164	42,920	-	-	-	21,295	-	2,060,087	-	-	2,435,247	(11,277)	2,423,970
-	-	-	-	-	-	-	152,939	-	-	152,939	-	152,939
-	-	-	-	-	-	-	34,136	-	-	34,136	-	34,136
251,170	-	-	-	-	-	-	-	-	-	251,170	-	251,170
-	-	-	-	-	221,119	-	20,690,036	-	-	22,105,504	-	22,105,504
-	-	-	-	-	-	-	6,780,837	-	-	6,780,837	-	6,780,837
251,170	-	-	-	-	221,119	-	27,657,948	-	-	29,324,586	-	29,324,586
332,334	42,920	-	-	-	242,414	-	29,718,035	-	-	31,759,833	(11,277)	31,748,556
-	-	-	-	-	-	-	36,717	-	-	36,717	-	36,717
-	1,817,604	-	-	-	1,283,955	-	1,380,216	-	-	4,928,898	-	4,928,898
-	-	-	-	-	-	-	-	-	-	-	-	-
468,922	3,784,325	11,850	99,765	260,731	(202)	2,650	29,744,121	-	142,374	35,802,107	-	35,802,107
468,922	5,601,929	11,850	99,765	260,731	1,283,753	2,650	31,124,337	-	142,374	40,731,005	-	40,731,005
\$ 801,256	\$ 5,644,849	\$ 11,850	\$ 99,765	\$ 260,731	\$ 1,526,167	\$ 2,650	\$ 60,879,089	\$ -	\$ 142,374	\$ 72,527,555	\$ (11,277)	\$ 72,516,278



**Boulder County Housing Authority**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2017**

	Community Development Block Grant Disaster Recovery Grants 14,269	Section 8 Housing Assistance 14,195	Housing Counseling Assistance 14,169	Rural Rental Housing Loans 10,415	Community Development Block Grants/State's Program 14,228	Rural Rental Assistance Payments 10,427	Community Development Block Grants 14,218	Weatherization Assistance 81,042
<b>Operating Revenues</b>								
HUD PHA grants	\$ -	\$ 184,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other grants	930,771	-	-	-	97,824	175,318	-	563,496
Rental income	-	68,628	-	-	-	267,978	-	-
Administrative fees	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-
Developer fee income	-	-	-	-	-	-	-	-
Other	-	1,387	-	-	-	10,183	-	-
<b>Total Operating Revenues</b>	<b>930,771</b>	<b>254,388</b>	<b>-</b>	<b>-</b>	<b>97,824</b>	<b>453,479</b>	<b>-</b>	<b>563,496</b>
<b>Operating Expenses</b>								
Housing assistance payments	-	-	-	-	-	-	-	-
Administrative salaries and benefits	-	28,414	-	-	50,910	37,735	-	32,197
Maintenance salaries and benefits	-	49,686	-	-	-	64,144	-	442,536
Regular and extraordinary maintenance	-	34,967	-	-	117,217	77,644	-	109,126
Direct client expenses	927,670	-	-	-	-	-	-	-
Other administrative	2,905	18,851	-	-	1,024	20,096	-	35,836
Depreciation and amortization	-	16,485	-	47,321	-	-	-	-
Utilities	-	32,230	-	-	-	39,999	-	-
Insurance	-	3,108	-	-	-	12,106	-	24,587
Other	-	-	-	-	112	-	-	8,718
<b>Total Operating Expenses</b>	<b>930,575</b>	<b>183,741</b>	<b>-</b>	<b>47,321</b>	<b>169,263</b>	<b>251,724</b>	<b>-</b>	<b>653,000</b>
<b>Operating Income (Loss)</b>	<b>196</b>	<b>70,647</b>	<b>-</b>	<b>(47,321)</b>	<b>(71,439)</b>	<b>201,755</b>	<b>-</b>	<b>(89,504)</b>
<b>Non-Operating Revenues (Expenses)</b>								
Interest income	-	-	-	-	4,185	100	-	-
Interest expense	-	(35,365)	-	(94,503)	-	-	-	-
Donation of real property	-	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>(35,365)</b>	<b>-</b>	<b>(94,503)</b>	<b>4,185</b>	<b>100</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Transfers</b>	<b>196</b>	<b>35,282</b>	<b>-</b>	<b>(141,824)</b>	<b>(67,254)</b>	<b>201,855</b>	<b>-</b>	<b>(89,504)</b>
<b>Transfers from (to) primary government</b>								
Interprogram transfers	(82,461)	(50,329)	(36,626)	670,018	46,965	(183,404)	(11,962)	(37,669)
<b>Change in Net Position</b>	<b>(82,265)</b>	<b>(15,047)</b>	<b>(36,626)</b>	<b>528,194</b>	<b>(20,289)</b>	<b>18,451</b>	<b>(11,962)</b>	<b>(127,173)</b>
<b>Net Position - Beginning of Year</b>	<b>277,500</b>	<b>318,170</b>	<b>36,626</b>	<b>(253,448)</b>	<b>535,552</b>	<b>391,967</b>	<b>11,962</b>	<b>163,082</b>
<b>Net Position - End of Year</b>	<b>\$ 195,235</b>	<b>\$ 303,123</b>	<b>\$ -</b>	<b>\$ 274,746</b>	<b>\$ 515,263</b>	<b>\$ 410,418</b>	<b>\$ -</b>	<b>\$ 35,909</b>

**Boulder County Housing Authority**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2017**

Housing Choice Vouchers/Family Unification Program 14.871/ 14.880	MFPH	Homelessnes Prevention and Emergency Shelter Grant Program 14.231	Low-Income Home Energy Assistance 93.568	HOME Investment Partnership Program 14.239	Farm Labor Housing Loans and Grants 10.405	Other Federal Programs	Business Activities	14.896 PIH Family Self- Sufficiency Program	14.267 Continuum of Care Program	Total	Elimination of Intercompany Activity	Total
\$ 8,045,435	\$ 118,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150,889	\$ 193,740	\$ 783,385	\$ 10,476,118	\$ -	\$ 10,476,118
-	-	46,165	642,896	410,269	-	4,089	752,754	-	-	3,623,582	-	3,623,582
-	248,458	-	-	-	-	-	1,470,048	-	-	2,055,112	-	2,055,112
563,397	-	-	-	-	-	-	-	-	-	563,397	-	563,397
-	-	-	-	-	-	-	114,644	-	-	114,644	-	114,644
-	-	-	-	-	-	-	5,441,976	-	-	5,441,976	-	5,441,976
68,582	3,648	-	-	-	-	-	234,456	-	-	318,256	-	318,256
<u>8,677,414</u>	<u>370,402</u>	<u>46,165</u>	<u>642,896</u>	<u>410,269</u>	<u>-</u>	<u>4,089</u>	<u>9,164,767</u>	<u>193,740</u>	<u>783,385</u>	<u>22,593,085</u>	<u>-</u>	<u>22,593,085</u>
8,236,014	-	-	-	-	-	-	-	-	-	8,236,014	-	8,236,014
529,164	39,576	-	22,884	-	-	1,498	885,727	288,566	162,471	2,079,142	-	2,079,142
-	62,757	-	555,067	-	-	-	944,478	-	-	2,118,668	-	2,118,668
-	70,585	-	95,696	-	-	-	1,095,130	-	-	1,600,365	-	1,600,365
-	-	102,257	-	413,147	-	-	1,315,773	-	683,454	3,442,301	-	3,442,301
53,817	32,212	-	43,947	-	-	124	279,247	-	48,874	536,933	-	536,933
-	82,850	-	-	-	56,033	-	612,671	-	-	815,360	-	815,360
-	28,638	-	-	-	-	-	229,927	-	-	330,794	-	330,794
-	16,713	-	30,578	-	-	-	214,413	-	-	301,505	-	301,505
1,546	-	-	12,359	-	-	-	61,510	-	3,304	87,549	-	87,549
<u>8,820,541</u>	<u>333,331</u>	<u>102,257</u>	<u>760,531</u>	<u>413,147</u>	<u>56,033</u>	<u>1,622</u>	<u>5,638,876</u>	<u>288,566</u>	<u>898,103</u>	<u>19,548,631</u>	<u>-</u>	<u>19,548,631</u>
(143,127)	37,071	(56,092)	(117,635)	(2,878)	(56,033)	2,467	3,525,891	(94,826)	(114,718)	3,044,454	-	3,044,454
99	92,942	-	-	-	-	-	669,911	-	-	767,237	-	767,237
-	(46,332)	-	-	-	(1,989)	-	(433,432)	-	-	(611,621)	-	(611,621)
-	-	-	-	-	-	-	145,150	-	-	145,150	-	145,150
99	46,610	-	-	-	(1,989)	-	381,629	-	-	300,766	-	300,766
(143,028)	83,681	(56,092)	(117,635)	(2,878)	(58,022)	2,467	3,907,520	(94,826)	(114,718)	3,345,220	-	3,345,220
-	-	-	-	-	-	-	1,617,653	-	-	1,617,653	-	1,617,653
154,357	13,318	61,251	107,066	(43,532)	25,148	(2,679)	(922,561)	94,826	198,274	-	-	-
11,329	96,999	5,159	(10,569)	(46,410)	(32,874)	(212)	4,602,612	-	83,556	4,962,873	-	4,962,873
457,593	5,504,930	6,691	110,334	307,141	1,316,627	2,862	26,521,725	-	58,818	35,768,132	-	35,768,132
<u>\$ 468,922</u>	<u>\$ 5,601,929</u>	<u>\$ 11,850</u>	<u>\$ 99,765</u>	<u>\$ 260,731</u>	<u>\$ 1,283,753</u>	<u>\$ 2,650</u>	<u>\$ 31,124,337</u>	<u>\$ -</u>	<u>\$ 142,374</u>	<u>\$ 40,731,005</u>	<u>\$ -</u>	<u>\$ 40,731,005</u>

Boulder County Housing Authority  
Schedule of Federal Expenditures  
Year Ended December 31, 2017

Federal Agency/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
U.S. Department of Agriculture (USDA)				
<i>Direct Programs</i>				
Rural Rental Assistance Payments - Casa Esperanza (Section 514)	10.427		\$ 11,791	\$ -
Rural Rental Assistance Payments - Prime Haven (Section 515)	10.427		48,997	-
Rural Rental Assistance Payments - Walter Self (Section 515)	10.427		114,530	-
			<u>175,318</u>	<u>-</u>
Farm Labor Housing Loan and Grants	10.405		263,095	-
Rural Rental Housing Loans	10.415		1,212,776	-
			<u>1,651,189</u>	<u>-</u>
Total U.S. Department of Agriculture (USDA)				
U.S. Department of Health and Human Services				
<i>Direct Programs</i>				
Low Income Energy Assistance Program	93.568		642,896	-
U.S. Department of Energy				
<i>Passed Through Colorado Governor's Energy Office</i>				
Weatherization Assistance for Low- Income Persons	81.042	C900822	563,496	-
U.S. Department of Treasury				
<i>Passed Through Colorado Housing and Finance Authority</i>				
CHFA - NeighborWorks National Foreclosure Mitigation Counseling	21.000	NFMC R10	1,622	-
U.S. Department of Housing and Urban Development				
<i>Direct Programs</i>				
Housing - Choice Vouchers	14.871		8,745,186	-
Family Self-Sufficiency Coordinator	14.896		193,740	-
Continuum of Care Program	14.267		783,385	42,539
<i>Passed Through Colorado Housing and Finance Authority:</i>				
Section 8 Housing Assistance Payments	14.195	CO0990036010 / CO99R000007	184,373	-
<i>Passed Through Colorado Division of Housing</i>				
HOME Program - TBRA	14.239	Subgrantee	410,269	-

Boulder County Housing Authority  
Schedule of Federal Expenditures  
December 31, 2017

<i>Passed Through City of Boulder, Colorado</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Subgrantee	97,824	-
<i>Passed Through Boulder County, Colorado</i>				
Community Development Block Grant/Disaster Relief	14.269	Subgrantee	930,575	-
<i>Passed Through Colorado Coalition for the Homeless</i>				
ESG - Emergency Solutions Grant Program - Homelessness Prevention and Rapid Re-Housing	14.231	Subgrantee	46,165	-
Total U.S. Department of Housing and Urban Development			11,391,517	42,539
Total Federal Expenditures			\$14,250,720	\$ 42,539

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of 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 Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Boulder County Housing Authority's summary of significant accounting policies is presented in Note 1 in Boulder County Housing Authority's basic financial statements.

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

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

The balances and transactions related to the Farm Labor Housing Loan Program, CFDA Number 10.405, are included in Boulder County Housing Authority's basic financial statements. The total balance of the loans outstanding as of December 31, 2017 is \$242,212.

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

The balances and transactions related to the Rural Rental Housing Loan Program, CFDA Number 10.415, are included in Boulder County Housing Authority's basic financial statements. The total balance of the loans outstanding as of December 31, 2017 is \$1,203,903.



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

Board of Commissioners  
Boulder County Housing Authority  
Boulder, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component units of the Boulder County Housing Authority as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Boulder County Housing Authority’s basic financial statements, and have issued our report thereon dated May 16, 2018. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Bismarck, North Dakota  
May 16, 2018



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

Board of Commissioners  
Boulder County Housing Authority  
Boulder, Colorado

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

We have audited Boulder County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boulder County Housing Authority's major federal programs for the year ended December 31, 2017. Boulder County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of Boulder County Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on 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 each major federal program. However, our audit does not provide a legal determination of Boulder County Housing Authority's compliance.



### **Opinion on Each Major Federal Program**

In our opinion, Boulder County Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended December 31, 2017.

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

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

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

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

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



Bismarck, North Dakota  
May 16, 2018

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

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Rural Rental Housing Loans	10.415
Continuum of Care Program	14.267

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

---

**Section II – Financial Statement Findings**

---

None

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

---

None