

YAMPA VALLEY HOUSING AUTHORITY

Financial Statements

December 31, 2015

YAMPA VALLEY HOUSING AUTHORITY

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Independent Auditor's Report

The Board of Directors
Yampa Valley Housing Authority
Routt County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Yampa Valley Housing Authority (the Authority), as of and for the year ended December 31, 2015, 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 an opinion 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.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yampa Valley Housing Authority as of December 31, 2015, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Financial Information

We have previously audited the Authority's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2015. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8 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 the 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The nonmajor proprietary funds combining financial statements and individual fund schedules of revenues, expenditures and changes in net position – budget and actual on pages 26-34 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement 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 basic financial statements as a whole.

Additionally, our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 39 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 of Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards 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 our report dated March 14, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Catterson + Company, P.C.

March 14, 2016
Steamboat Springs, Colorado

**Yampa Valley Housing Authority
Management's Discussion and Analysis
December 31, 2015**

As the management of the Yampa Valley Housing Authority ("YVHA"), we offer interested citizens of these financial statements this narrative overview and analysis of the financial activities of the YVHA for the year ending December 31, 2015. We encourage readers to consider the information presented in conjunction with the YVHA's financial statements.

Financial Highlights

- Assets in the General Administrative Fund exceeded liabilities by \$807,396 at the close of the fiscal year as the result of contributed mortgages from Routt County Habitat for Humanity.
- As for the Development Fund, no revenues were realized in 2015 and operating expenses are the minimum costs necessary to hold the Elk River Village property and Sierra View Lots for future development. Operating expenses, totaling \$736, reflect the costs of maintenance on the Elk River Village and Sierra View properties owned by the YVHA. Non-operating expenditures of \$51,950 were incurred for debt service associated with the land holding costs of these properties. Net loss before transfers came to \$52,686. Transfers of \$64,000 were made from the General Administrative Fund. In 2015, the beginning of the year started with net deficit of \$388,581, and with expenses the net deficit in this fund at the end of the year is \$384,554.
- Fish Creek Mobile Home Park ("Park") began the year with net position of \$896,656. Operating revenues totaled \$361,114 during 2015. Operating expenditures of \$98,280 garners a net operating income of \$262,834 for 2015. Interest payments on debt and significant capital grants and contributions associated with the water and sewer utility replacement project bring net income to \$686,496 and leave end of year net position standing at \$1,583,152.
- The Hillside Village Apartments (Hillside) saw operating revenues totaling \$411,891 in 2015. Hillside ended the year with net loss of \$33,144 as a result of operating expenses totaling \$445,035. Hillside began the year with net position of \$969,716 and ended 2015 with net position valued at \$912,479.
- A Non-Major Fund was created in 2009 to house the Down Payment Assistance programs managed by the YVHA. Repayments from programs loans generated revenues of \$60,726. Operating expenses and losses from the now closed YVHA Home Store leave net position at \$523,957 for 2015.

Overview of Financial Statements

The financial statements included in this report are those of a special purpose government engaged only in business-type activities. The following are included:

Statement of Net Position – A report of the YVHA's current financial resources and capital assets.

Statement of Revenues, Expenses and Changes in Net Position – A report of the YVHA's operating and non-operating revenues by major source, along with operating and non-operating expenses.

Statement of Cash Flows – A report of the YVHA's cash flows from operating, investing, capital and non-capital financing activities.

Statement of Cash Flows – A report of the YVHA's cash flows from operating, investing, capital and non-capital financing activities.

**Yampa Valley Housing Authority
Management's Discussion and Analysis
December 31, 2015**

Financial Analysis of the Yampa Valley Housing Authority

The following table summarizes net position at December 31, 2015 with a comparison to December 31, 2014:

	General Administrative Fund		Development Fund		Fish Creek Mobile Home Park Fund		Hillside Village Apartments Fund		Non-Major Funds		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Current Assets	\$288,822	\$487,281	\$25,052	\$1,530,186	\$155,917	\$369,580	\$237,291	\$220,739	\$221,899	\$260,751	\$928,981	\$2,868,537
Noncurrent Assets		\$470,100	\$1,634,287	\$127,000	\$3,737,409	\$4,964,706	\$1,901,424	\$1,855,248	\$303,370	\$263,206	\$7,576,490	\$7,680,260
Total Assets	\$288,822	\$957,381	\$1,659,339	\$1,657,186	\$3,893,326	\$5,334,286	\$2,138,715	\$2,075,987	\$525,269	\$523,957	\$8,505,471	\$10,548,797
Current Liabilities	\$16,852	\$149,985	\$79,174	\$72,993	\$90,674	\$132,649	\$30,258	\$30,872	-	-	\$216,958	\$386,499
Noncurrent Liabilities	-	-	\$1,968,746	\$1,968,747	\$2,905,996	\$3,618,485	\$1,138,741	\$1,132,636	-	-	\$6,013,483	\$6,719,868
Total Liabilities	\$16,852	\$149,985	\$2,047,920	\$2,041,740	\$2,996,670	\$3,751,134	\$1,168,999	\$1,163,508	-	-	\$6,230,441	\$7,106,367
Net Position: Net Investment in Capital Assets	-	-	-	-	\$648,311	\$1,122,164	\$649,794	\$591,546	-	-	\$1,298,105	\$1,713,710
Restricted: Emergencies-TABOR	\$23,389	\$24,392	-	-	-	-	-	-	-	-	\$23,389	\$24,932
Restricted: Revolving Loan Fund	-	-	-	-	-	\$23,558	-	-	\$12,047	\$13,006	\$12,047	\$23,558 \$13,006
Unrestricted	\$248,581	\$782,464	(\$388,581)	(\$384,554)	\$248,345	\$437,430	\$319,992	\$320,933	\$513,222	\$510,951	\$941,489	\$1,667,224
Total Net Position	\$271,970	\$807,396	(\$388,581)	(\$384,554)	\$896,656	\$1,583,152	\$969,716	\$912,479	\$525,269	\$523,957	\$2,275,030	\$3,442,430

The General Administrative Fund assets exceed liabilities by \$807,396, indicating an ability to pay debts as they become due. Restricted net position is funds reserved for emergency purposes as described by the TABOR amendment to the State Constitution. The current liabilities of \$149,985 are accounts payable at the end of the year.

The Development Fund liabilities represent the newly restructured lease purchase agreement on the Elk River Village property and a mortgage on two lots in the Sierra View Subdivision.

The Fish Creek Mobile Home Park (Park) Fund current assets include cash and outstanding accounts receivable. Current and non-current liabilities are from the accounts payable due at year-end, loans obtained to purchase the Park and associated accrued interest payable.

The Hillside Village Apartments (HSV) Fund current assets reflect cash held by the YVHA and outstanding rents due from tenants. Noncurrent assets reflect the reserve and restricted funds for the complex and the apartment complex capital asset. Current liabilities stem from outstanding accounts and notes payable at the

end of the year, along with tenant security deposits. Non-current liability is the value of the outstanding balance due to the USDA for the YVHA's purchase of the HSV apartment complex.

The Non-Major Fund holds the assets and liabilities associated with the YVHA down payment loan assistance program. Current assets were adjusted to compensate for transfers out to the General Administrative Fund in 2015 and the current receivable portion of program loans. Noncurrent assets reflect the portfolio of loans outstanding including those transferred to the YVHA from the Regional Affordable Living Foundation (RALF). The fund has no current or noncurrent liabilities.

The following table provides an analysis of the YVHA revenue, expenditures and changes in net position for the year ended December 31, 2015.

	General Administrative Fund		Development Fund		Fish Creek Mobile Home Park Fund		Hillside Village Apartments Fund		Non-Major Funds		Total**	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Operating Revenues	\$205,755	\$733,909	-	-	\$360,548	\$361,114	\$407,600	\$411,891	\$160,973	\$60,726	\$1,097,876	\$1,502,040
Operating Expenses	\$119,982	\$125,625	\$360	\$736	\$101,845	\$98,280	\$406,477	\$445,035	\$13,481	\$71,064	\$605,145	\$675,140
Operating Income (Loss)	\$85,773	\$608,284	(\$360)	(\$736)	\$258,703	\$262,834	\$1,123	(\$33,144)	\$147,492	(\$10,338)	\$492,731	\$826,900
Non-Operating Revenues (Expenses)	\$116	\$168	(\$52,210)	(\$51,950)	(\$161,244)	\$423,662	(\$24,442)	(\$24,093)	-	-	(\$237,780)	\$347,787
Net Income (Loss)	\$85,889	\$608,452	(\$52,570)	(\$52,686)	\$97,459	\$686,496	(\$23,319)	(\$57,237)	\$147,492	(\$10,338)	\$254,951	\$1,174,687
Beginning Net Position	\$249,081	\$271,970	(\$400,011)	(\$388,581)	\$799,197	\$896,656	\$993,035	\$969,716	\$378,777	\$525,269	\$2,020,079	\$2,275,030
Net Transfers/ Impairments	(\$63,000)	(\$73,026)	\$64,000	\$64,000	-	-	-	-	-	\$9,026	-	(\$7,287)
Change in Net Position	\$22,889	\$535,426	\$11,430	\$4,027	\$97,459	\$686,496	(\$23,319)	(\$57,237)	\$146,492	(\$1,312)	\$254,951	\$1,167,400
Ending Net Position	\$271,970	\$807,396	(\$388,656)	(\$384,554)	\$896,656	\$1,583,152	\$969,716	\$912,479	\$525,269	\$523,957	\$2,275,030	\$3,442,430

**Totals account for \$37,000 and \$65,600 management fee eliminations in both revenues and expenses during 2014 and 2015, respectively.

Assets Held for Development

The purchase of the "Elk River Village" property, a 10.76 acre parcel in Steamboat Springs, in 2006 led to substantial pre-development activities for an up to 67-unit housing project development in 2007 and the beginning of 2008. In 2009, the parcel was listed for sale in search of a buyer that could relieve YVHA of the associated debt service. This real estate asset's value was adjusted by \$754,282 in accordance with a July 2011 appraisal, and is now carried at a value of \$1,500,000. The principal value of the debt on the property is \$1,990,902. A recent restructuring of the debt on this property has brought the acquisition into TABOR compliance and reduced the annual carrying costs. The property is no longer actively marketed for sale.

Two multi-unit properties totaling 0.69 acres in the Sierra View subdivision in Oak Creek continue to be held for future housing development. This real estate asset's value is carried at appraised value of \$127,000.

Capital Assets

Capital assets include the Hillside Village Apartments and the Fish Creek Mobile Home Park rental properties, their related improvements and equipment, administrative furniture and equipment and the YVHA's accounting software. The land and improvements value total of \$4,864,706 for Fish Creek Mobile Home Park include the railroad crossing improvements completed in 2008, 2009 and 2010, the water and sewer utility replacements completed in 2015 and the reconstructed roadway constructed in 2015.

Long-Term Debt

The YVHA entered into a secured promissory note agreement with First National Bank of the Rockies on September 28, 2011 that refinanced the \$2,024,536 purchase money debt on the Elk River Village property, a 10.76 acre parcel in Steamboat Springs slated for a deed restricted housing project. The note was modified on January 13, 2012 and required monthly payments of \$9,494 including interest at 3.85%. The note was restructured to a lease purchase agreement in August of 2013. The payments are currently interest only at 2.46% for five years and resets every five years based on the average publicized 5-year Bloomberg Fair Market Yield Curves. Principal reduction begins 2019.

The YVHA refinanced its properties in the Sierra View Subdivision, two lots located in Oak Creek, in 2009. On July 5, 2012 the Authority entered into a secured promissory note to pay off existing debt for the purchased land. The note is payable in monthly installments of \$876 including interest at 4.5% and is due in full upon maturing on July 3, 2015. Note is secured by a deed of trust encumbering the financed property. The loan was refinanced in July 2015 and December 2015. The current note matures on December 31, 2016 and includes a 4.5% interest rate.

As part of the transfer of the Hillside Village Apartments, the YVHA entered into a Multi Family Housing Assumption Agreement with the USDA dated August 24, 2007 in the amount of \$1,177,107 that served to consolidate the four existing USDA loans with the Regional Affordable Living Foundation (RALF) as the borrower and that has a current principal balance of \$1,149,887. Monthly payments of \$6,307 including interest at 6.125%, net of a monthly interest subsidy of \$3,810, and having a maturity date of August, 2037. The note is secured by a deed of trust on all rental property at the complex.

YVHA recently refinanced its primary debt on the Fish Creek Mobile Home Park with Alpine Bank. The term of the note is 25 years at 4% fixed interest. The note is secured by a deed of trust on the land and improvements and a pledge of the rental revenues.

As part of the acquisition of the Fish Creek Mobile Home Park (Park), the YVHA entered into a secured promissory note agreement dated August 27, 2007 in the amount of \$954,000. The note is non-interest bearing through September 1, 2012 at which time it will then accrue interest at the lowest municipal bond rate then available plus 1%. In January 2011 the principal balance was reduced by \$193,856, the remaining escrow funds for the completion of the railroad crossing improvements leaving a \$760,144 balance on this loan. YVHA recently amended the loan agreement to required annual payments of \$30,777 for 25 years. The note is 0% interest until 2019 and 1.5% interest thereafter.

YVHA entered into two loans with the Colorado Water Resources and Power Development Authority to finance the water and sewer utility replacement project at Fish Creek Mobile Home Park. Both notes are secured by an intercreditor parity agreement and rate covenant. The Drinking Water Revolving Loan has a principal balance of \$239,089 and has an interest rate of 0%. The Water Pollution Control Revolving Loan has a principal balance of \$598,424 and has an interest rate of 0%.

Budget Amendments

The YVHA made supplemental budget amendments for 2015 in the amount of \$375,659 and \$17,196. The \$375,659 amount accounts for construction costs associated with the water and sewer utility replacement project at Fish Creek Mobile Home Park. The \$17,196 amount accounts for capital improvements at Hillside Village Apartments.

Future Events

YVHA has partnered with Overland Property Group, LLC and has received an allocation of Low Income Housing Tax Credits from Colorado Housing Finance Authority to develop the Elk River Village property. Construction is set to begin in the spring of 2016.

Questions and Contact Information

The financial report is designed to provide a general overview of the YVHA finances for all those with an interest. Questions concerning any of the information should be addressed to the Jason K. Peasley, AICP, Executive Director, at jpeasley@yvha.org or by phoning (970) 870-0167 during regular business hours. The YVHA offices are located at Hillside Village Apartments, 627 Tamarack Drive, Steamboat Springs, CO 80487.

YAMPA VALLEY HOUSING AUTHORITY
Statement of Net Position
December 31, 2015
(with summarized financial information as of December 31, 2014)

	General Administrative Fund	Development Fund	Fish Creek Mobile Home Park Fund	Hillside Village Apartments Fund	Nonmajor Proprietary Funds	December 31, 2015 Total	December 31, 2014 Total
Assets:							
Current assets:							
Cash and cash equivalents	\$ 467,294	\$ 30,186	\$ 148,141	\$ 183,478	\$ 256,335	\$ 1,085,434	\$ 867,578
Accounts receivable, net	646	-	8,620	3,201	-	12,467	11,542
Due from other government	-	-	128,922	-	-	128,922	9,622
Project loan accounts	-	-	81,206	-	-	81,206	-
Restricted cash	-	-	-	34,060	-	34,060	32,581
Program loans receivable, current	-	-	-	-	4,416	4,416	5,045
Mortgages receivable, current	19,341	-	-	-	-	19,341	-
Land held for development, current	-	1,500,000	-	-	-	1,500,000	-
Other	-	-	2,691	-	-	2,691	2,613
Total current assets	487,281	1,530,186	369,580	220,739	260,751	2,868,537	928,981
Noncurrent assets:							
Land held for development, net	-	127,000	-	-	-	127,000	1,634,287
Program loans receivable, net	-	-	-	-	263,206	263,206	303,370
Capital assets, net	-	-	4,864,706	1,730,287	-	6,594,993	5,431,687
Mortgages receivable, net	470,100	-	-	-	-	470,100	-
Restricted cash	-	-	100,000	124,961	-	224,961	207,146
Total noncurrent assets	470,100	127,000	4,964,706	1,855,248	263,206	7,680,260	7,576,490
Total assets	\$ 957,381	\$ 1,657,186	\$ 5,334,286	\$ 2,075,987	\$ 523,957	\$ 10,548,797	\$ 8,505,471

The accompanying notes are an integral part of these financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Statement of Net Position (continued)

December 31, 2015

(with summarized financial information as of December 31, 2014)

	General Administrative Fund	Development Fund	Fish Creek Mobile Home Park Fund	Hillside Village Apartments Fund	Nonmajor Proprietary Funds	December 31, 2015 Total	December 31, 2014 Total
Liabilities:							
Current liabilities:							
Accounts payable and accruals	\$ 149,985	\$ -	\$ -	\$ 2,100	\$ -	\$ 152,085	\$ 18,952
Rents received in advance	-	-	8,592	-	-	8,592	-
Accrued interest payable	-	-	-	-	-	-	7,572
Tenant security deposits	-	-	-	22,667	-	22,667	22,415
Current portion of long-term debt	-	72,993	124,057	6,105	-	203,155	168,019
Total current liabilities	149,985	72,993	132,649	30,872	-	386,499	216,958
Noncurrent liabilities:							
Long-term debt	-	1,968,747	3,618,485	1,132,636	-	6,719,868	6,013,483
Total liabilities	149,985	2,041,740	3,751,134	1,163,508	-	7,106,367	6,230,441
Net position:							
Net investment in capital assets	-	-	1,122,164	591,546	-	1,713,710	1,298,105
Restricted for:							
Emergencies	24,932	-	-	-	-	24,932	23,389
Operations and maintenance reserve	-	-	23,558	-	-	23,558	-
Revolving loan fund	-	-	-	-	13,006	13,006	12,047
Unrestricted (deficit)	782,464	(384,554)	437,430	320,933	510,951	1,667,224	941,489
Total net position	\$ 807,396	\$ (384,554)	\$ 1,583,152	\$ 912,479	\$ 523,957	\$ 3,442,430	\$ 2,275,030

The accompanying notes are an integral part of these financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	General Administrative Fund	Development Fund	Fish Creek Mobile Home Park Fund	Hillside Village Apartments Fund	Nonmajor Proprietary Funds	Eliminations	December 31, 2015 Total	December 31, 2014 Total
Operating revenues:								
Rents	\$ -	\$ -	\$ 360,660	\$ 399,493	\$ -	\$ -	\$ 760,153	\$ 756,630
Contributions	668,309	-	-	-	-	-	668,309	318,640
Management fees	65,600	-	-	-	-	(65,600)	-	-
Other	-	-	454	12,398	60,726	-	73,578	22,606
Total operating revenues	733,909	-	361,114	411,891	60,726	(65,600)	1,502,040	1,097,876
Operating expenses:								
Wages and benefits	84,553	-	6,240	104,421	23,716	-	218,930	190,723
Operating and maintenance	-	-	5,630	97,605	1,665	-	104,900	89,073
Management fees	-	-	32,000	33,600	-	(65,600)	-	-
Professional fees	20,322	-	8,265	7,067	1,186	-	36,840	38,966
General and administrative	12,455	-	2,882	23,673	2,135	-	41,145	39,190
Rent and utilities	-	-	32,620	64,195	18,843	-	115,658	99,745
Taxes and insurance	1,344	-	800	14,105	-	-	16,249	17,161
Program loan losses	-	-	-	-	15,224	-	15,224	11,250
Depreciation	-	-	4,049	100,369	-	-	104,418	101,625
Other	6,951	736	5,794	-	8,295	-	21,776	17,412
Total operating expenses	125,625	736	98,280	445,035	71,064	(65,600)	675,140	605,145
Operating income (loss)	\$ 608,284	\$ (736)	\$ 262,834	\$ (33,144)	\$ (10,338)	\$ -	\$ 826,900	\$ 492,731

The accompanying notes are an integral part of these financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position (continued)
For the Year Ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	General Administrative Fund	Development Fund	Fish Creek Mobile Home Park Fund	Hillside Village Apartments Fund	Nonmajor Proprietary Funds	Eliminations	December 31, 2015 Total	December 31, 2014 Total
Non-operating revenues (expenses):								
Interest income	\$ 168	\$ -	\$ 58	\$ 128	\$ -	\$ -	\$ 354	\$ 402
Interest expense	-	(51,950)	(91,357)	(24,221)	-	-	(167,528)	(190,149)
Capital grants and contributions	-	-	528,961	-	-	-	528,961	-
Debt issuance costs	-	-	(14,000)	-	-	-	(14,000)	(48,033)
Total non-operating revenues (expenses)	<u>168</u>	<u>(51,950)</u>	<u>423,662</u>	<u>(24,093)</u>	<u>-</u>	<u>-</u>	<u>347,787</u>	<u>(237,780)</u>
Income (loss) before transfers and losses	608,452	(52,686)	686,496	(57,237)	(10,338)	-	1,174,687	254,951
Transfers in	2,000	64,000	-	-	11,026	-	77,026	65,000
Transfers out	(75,026)	-	-	-	(2,000)	-	(77,026)	(65,000)
Impairment of land	-	(7,287)	-	-	-	-	(7,287)	-
Change in net position	535,426	4,027	686,496	(57,237)	(1,312)	-	1,167,400	254,951
Net position (deficit), beginning	<u>271,970</u>	<u>(388,581)</u>	<u>896,656</u>	<u>969,716</u>	<u>525,269</u>	<u>-</u>	<u>2,275,030</u>	<u>2,020,079</u>
Net position (deficit), end	<u>\$ 807,396</u>	<u>\$ (384,554)</u>	<u>\$ 1,583,152</u>	<u>\$ 912,479</u>	<u>\$ 523,957</u>	<u>\$ -</u>	<u>\$ 3,442,430</u>	<u>\$ 2,275,030</u>

The accompanying notes are an integral part of these financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	General Administrative Fund	Development Fund	Fish Creek Mobile Home Park Fund	Hillside Village Apartments Fund	Nonmajor Proprietary Funds	December 31, 2015 Total	December 31, 2014 Total
Cash flows from operating activities:							
Cash received from rents	\$ -	\$ -	\$ 366,849	\$ 410,013	\$ -	\$ 776,862	\$ 760,028
Cash received from contributions	159,950	-	-	-	-	159,950	182,365
Principal and interest received for program loans	-	-	-	-	43,616	43,616	55,380
Cash received from other sources	65,600	-	454	12,398	42,679	121,131	49,273
Cash payments to employees for wages and benefits	(84,553)	-	(6,240)	(104,421)	(23,716)	(218,930)	(190,723)
Cash payments to vendors for goods and services	(35,090)	(736)	(88,069)	(240,245)	(32,124)	(396,264)	(340,162)
Net cash provided (used) by operating activities	<u>105,907</u>	<u>(736)</u>	<u>272,994</u>	<u>77,745</u>	<u>30,455</u>	<u>486,365</u>	<u>516,161</u>
Cash flows from noncapital financing activities:							
Transfers from (to) other funds	(73,026)	64,000	-	-	9,026	-	-
Net cash provided (used) by noncapital financing activities	<u>(73,026)</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>9,026</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Acquisition of capital assets	126,505	-	(1,189,135)	(36,378)	-	(1,099,008)	(14,387)
Proceeds from issuance of long-term debt	-	-	856,909	-	-	856,909	2,206,551
Payments to retire long-term debt	-	-	-	-	-	-	(2,147,914)
Principal payments on long-term debt	-	(6,180)	(103,465)	(5,743)	-	(115,388)	(92,901)
Interest payments on long-term debt	-	(51,950)	(98,929)	(24,221)	-	(175,100)	(195,683)
Debt issuance costs	-	-	(14,000)	-	-	(14,000)	(48,033)
Cash received from capital grants	-	-	276,622	-	-	276,622	-
Net cash provided (used) by capital and related financing activities	<u>126,505</u>	<u>(58,130)</u>	<u>(271,998)</u>	<u>(66,342)</u>	<u>-</u>	<u>(269,965)</u>	<u>(292,367)</u>

The accompanying notes are an integral part of these financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Statement of Cash Flows (continued)
For the Year Ended December 31, 2015

(with summarized financial information for the year ended December 31, 2014)

	General Administrative Fund	Development Fund	Fish Creek Mobile Home Park Fund	Hillside Village Apartments Fund	Nonmajor Proprietary Funds	December 31, 2015 Total	December 31, 2014 Total
Cash flows from investing activities:							
Interest received	168	-	58	128	-	354	401
Mortgage principal payments received	18,918	-	-	-	-	18,918	-
Net transfers (to) from restricted cash	-	-	-	(17,816)	-	(17,816)	(117,813)
Net cash provided (used) by investing activities	19,086	-	58	(17,688)	-	1,456	(117,412)
Net change in cash and cash equivalents	178,472	5,134	1,054	(6,285)	39,481	217,856	106,382
Cash and cash equivalents, beginning of year	288,822	25,052	147,087	189,763	216,854	867,578	761,196
Cash and cash equivalents, end of year	<u>\$ 467,294</u>	<u>\$ 30,186</u>	<u>\$ 148,141</u>	<u>\$ 183,478</u>	<u>\$ 256,335</u>	<u>\$ 1,085,434</u>	<u>\$ 867,578</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 608,284	\$ (736)	\$ 262,834	\$ (33,144)	\$ (10,338)	\$ 826,900	\$ 492,731
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	-	-	4,049	100,369	-	104,418	101,625
Non cash contributions	(508,359)	-	-	-	-	(508,359)	-
(Increase) decrease in:							
Accounts receivable	(646)	-	(2,403)	11,747	-	8,698	3,396
Program loans receivable, net	-	-	-	-	40,793	40,793	(79,978)
Other	-	-	(78)	(1,478)	-	(1,556)	1,805
Increase (decrease) in:							
Accounts payable and accruals, net of capital items	6,628	-	-	-	-	6,628	(4,279)
Rents received in advance	-	-	8,592	-	-	8,592	-
Tenant security deposits	-	-	-	251	-	251	861
Net cash provided (used) by operating activities	<u>\$ 105,907</u>	<u>\$ (736)</u>	<u>\$ 272,994</u>	<u>\$ 77,745</u>	<u>\$ 30,455</u>	<u>\$ 486,365</u>	<u>\$ 516,161</u>

The accompanying notes are an integral part of these financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

The Yampa Valley Housing Authority (the Authority) was established on November 18, 2003 by an intergovernmental agreement between the City of Steamboat Springs (the City) and Routt County, Colorado (the County). The Authority was established as a separate governmental entity to be known as a multijurisdictional housing authority under Colorado Revised Statutes (CRS) Section 29-1-204.5. The Authority is governed by a Board of Directors consisting of between 7-15 members including one member each from the Steamboat Springs City Council and the Routt County Board of County Commissioners. The Authority oversees projects or programs to provide housing for families of low or moderate incomes in Routt County. The Authority also provides down payment assistance and housing counseling services to these same income groups.

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP for governmental entities. The following summary of the more significant accounting policies of the Authority is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The Authority is a special-purpose governmental entity engaging entirely in business-type activities and the accompanying proprietary fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and thus, the Authority's funds are maintained on the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Authority reports the following major proprietary or business-type funds:

The *General Administrative Fund* accounts for the management activities of all other Authority funds. The major sources of revenue are from contributions of proprietary revenues from the City and County.

The *Development Fund* accounts for the acquisition and construction of affordable housing projects and subsequent sale to qualified families. This fund also accounts for potential project feasibility activities.

The *Fish Creek Mobile Home Park Fund* accounts for the operation of the Authority's mobile home park consisting of 68 lots. The primary source of revenue is rental of those lots.

The *Hillside Village Apartments Fund* accounts for the operation of the Authority's 55-unit multi-family housing project financed by the U.S. Department of Agriculture (USDA) under its Rural Rental Housing Program. The primary sources of revenue are tenant rental income and tenant assistance payments from the USDA.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

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

Investments

Investments in the Colorado Government Liquid Trust (COLOTRUST), an external investment pool, are stated at share price which is substantially the same as fair value.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position (continued)

Accounts Receivable and Due From Other Government

Receivables consist of amounts due from tenants for rent and other charges and amounts due from other governments for capital costs incurred under loan agreements. The Authority's management reviews accounts receivable periodically to consider the collectability of the balances. Authority management has recorded an allowance for uncollectible accounts of \$2,000 as of December 31, 2015.

Program Loans Receivable

Program loans receivable are due from various homeowners as subordinate deeds of trust from funds originally received through down payment assistance grants and contributions. An allowance for loan losses is established as losses are estimated to have occurred. The allowance for loan losses is based upon management's periodic review of the collectability of the program loans in light of historical experience with similar programs and the nature of the loan portfolio. The Authority has established an allowance for loan losses of \$18,000 at December 31, 2015.

Mortgage Notes Receivable

Mortgage notes receivable consists primarily of 30 year mortgages collateralized by the related property. Each mortgage requires monthly payments and carries a 0% interest rate. The mortgages were originally held by Routt County Habitat for Humanity but were assigned to the Authority in 2015.

Capital Assets

Capital assets include rental property, related improvements, water and sewer systems, roads and equipment. Capital assets are defined by the Authority as assets with an initial cost of \$3,000 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Rental property buildings and improvements	27.5
Water and sewer systems	50
Roads	20
Land improvements	10-25
Furniture and equipment	5-7

Land Held for Development

Real estate held for development is carried at the lower of cost or net realizable value. For land held for development, an impairment loss is recognized when the fair value of the property is less than the carrying amount of the property.

Operating and Non-Operating Revenues and Expenses

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the Authority. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation expense. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Authority's audited financial statements for the year ended December 31, 2014, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets for proprietary funds are adopted on a non-US GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on long-term debt are budgeted as expenditures. All annual appropriations lapse at year end.

The Authority conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The Authority adopted the following supplemental budget appropriations for the year ended December 31, 2015:

- Fish Creek Mobile Home Park expenditure and revenue appropriations were increased by \$375,659 for the construction cost for the water and wastewater system replacement project funded from available grant and loan proceeds.
- Hillside Village Apartments Fund expenditure appropriations were increased by \$17,196 for capital improvements funded from available fund balance.

Compliance

The Authority had no expenditures in excess of final appropriations for the year ended December 31, 2015

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability (continued)

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Authority has reserved \$24,932 of the December 31, 2015 fund balance in the General Administrative Fund for this purpose.

The Authority's voters passed a ballot question in November 2005 exempting the Authority from revenue limits imposed by TABOR.

The Authority's management believes it is compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 3: Detailed Notes on All Funds

Deposits

The carrying amount of the Authority's deposits, including restricted cash balances, at December 31, 2015 and 2014 was \$1,218,595 and \$1,023,206, respectively and bank balances were \$1,231,215 and \$1,032,208. Of the bank balances, \$542,518 and \$483,635 at December 31, 2015 and 2014, respectively was covered by federal deposit insurance and \$688,697 and \$548,573, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA). The difference between carrying and bank balances represents items that had not cleared the bank at year-end.

The 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. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Investments

At December 31, 2015 and 2014, the Authority had \$84,245 and \$84,097, respectively, invested in the Colorado Government Liquid Trust (COLOTRUST) PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+'s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment advisor for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment adviser, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. COLOTRUST+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

The Authority's investments are subject to interest rate, credit risk, and concentration of credit risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority currently invests only in investment pools which may be redeemed at any time.

Restricted Cash

The Authority maintains restricted cash reserves in accordance with USDA loan requirements related to Hillside Village Apartments and Alpine Bank loan requirements related to Fish Creek Mobile Home Park. Restricted cash balances are for the following purposes at December 31, 2015 and 2014:

	2015	2014
Current:		
<i>Hillside Village Apartments:</i>		
Tenant security deposits	\$ 23,890	\$ 22,415
Tax and insurance reserve	10,170	10,166
	\$ 34,060	\$ 32,581
Noncurrent:		
<i>Hillside Village Apartments:</i>		
Reserve for replacement	\$ 124,961	\$ 107,146
<i>Fish Creek Mobile Home Park:</i>		
Loan reserve	100,000	100,000
	\$ 224,961	\$ 207,146

Additions to the reserve for replacement are approved annually by the USDA. Withdrawals from the reserve for replacement are approved on an individual basis by the USDA.

All USDA restricted cash balances are maintained in separate bank accounts from other cash deposits.

Program Loans Receivable

The program loans receivable consist of subordinated secured notes due from various homeowners. The loans bear interest at rates between 0-5% per annum and are payable in monthly installments of principal and interest, if applicable. The notes mature upon varying dates from 2016 to 2037.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Capital Assets

Capital asset activity for the years ended December 31, 2015 and 2014 is summarized below:

	December 31, 2014 Balance	Additions	Deletions	December 31, 2015 Balance
Land	\$ 4,007,078	\$ -	\$ -	\$ 4,007,078
Other capital assets:				
Buildings and improvements	2,586,188	-	-	2,586,188
Land improvements	143,152	36,378	-	179,530
Water and sewer systems	-	1,075,011	-	1,075,011
Roads	-	156,335	-	156,335
Furniture and equipment	17,521	-	-	17,521
Computer software	20,991	-	-	20,991
Total other capital assets	<u>2,767,852</u>	<u>1,267,724</u>	<u>-</u>	<u>4,035,576</u>
Less accumulated depreciation:				
Buildings and improvements	(1,200,238)	(90,223)	-	(1,290,461)
Land improvements	(106,329)	(9,294)	-	(115,623)
Furniture and equipment	(15,685)	(852)	-	(16,537)
Water and sewer systems	-	(3,398)	-	(3,398)
Roads	-	(651)	-	(651)
Computer software	(20,991)	-	-	(20,991)
Total accumulated depreciation	<u>(1,343,243)</u>	<u>(104,418)</u>	<u>-</u>	<u>(1,447,661)</u>
Net capital assets	<u>\$ 5,431,687</u>	<u>\$ 1,163,306</u>	<u>\$ -</u>	<u>\$ 6,594,993</u>
	December 31, 2013 Balance	Additions	Deletions	December 31, 2014 Balance
Land	\$ 4,007,078	\$ -	\$ -	\$ 4,007,078
Other capital assets:				
Buildings and improvements	2,571,801	14,387	-	2,586,188
Land improvements	143,152	-	-	143,152
Furniture and equipment	17,521	-	-	17,521
Computer software	20,991	-	-	20,991
Total other capital assets	<u>2,753,465</u>	<u>14,387</u>	<u>-</u>	<u>2,767,852</u>
Less accumulated depreciation:				
Buildings and improvements	(1,108,516)	(91,722)	-	(1,200,238)
Land improvements	(97,278)	(9,051)	-	(106,329)
Furniture and equipment	(14,833)	(852)	-	(15,685)
Computer software	(20,991)	-	-	(20,991)
Total accumulated depreciation	<u>(1,241,618)</u>	<u>(101,625)</u>	<u>-</u>	<u>(1,343,243)</u>
Net capital assets	<u>\$ 5,518,925</u>	<u>\$ (87,238)</u>	<u>\$ -</u>	<u>\$ 5,431,687</u>

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Land Held for Development

Activity in land held for development for the years ended December 31, 2015 and 2014 is summarized below:

	December 31, 2014 Balance	Additions	Disposals and Impairments	December 31, 2015 Balance
Sierra View Subdivision: Land	\$ 134,287	\$ -	\$ (7,287)	\$ 127,000
Elk River Development: Land	1,500,000	-	-	1,500,000
Total	\$ 1,634,287	\$ -	\$ (7,287)	\$ 1,627,000
	December 31, 2013 Balance	Additions	Disposals and Impairments	December 31, 2014 Balance
Sierra View Subdivision: Land	\$ 134,287	\$ -	\$ -	\$ 134,287
Elk River Development: Land	1,500,000	-	-	1,500,000
Total	\$ 1,634,287	\$ -	\$ -	\$ 1,634,287

The Authority leases 10.76 acres of undeveloped land located in the Copper Ridge subdivision in the City. The Authority owns 0.69 acres of undeveloped land located on two lots in the Sierra View subdivision in the Town of Oak Creek, Colorado.

Long-Term Liabilities

The Authority has the following long-term debt outstanding for business-type activities at December 31, 2015:

First National Bank of the Rockies (FNBR) Lease Purchase Agreement

The Authority entered into a lease purchase agreement with FNBR dated August 1, 2013 whereby the Authority conveyed its ownership of the Elk River Development land to FNBR and agreed to lease the property from FNBR subject to annual appropriation of rental amount by the Authority. The lease is reported as a capital lease in accordance with US GAAP and long-term lease obligation of \$1,968,746. The lease requires monthly interest only payments at 2.46% through December 31, 2018. Commencing January 1, 2019, the interest rate shall be equal to the average published 5-year Bloomberg Fair Market Yield Curves for index numbers 348,635,645, and 830 as of the preceding September 30. The rate is to be adjusted every 5 years thereafter in the same manner through the end of the lease term on December 31, 2038. The Authority has the option to purchase the land at any time upon payment of all outstanding principal and interest. The carrying value of the Elk River Development land at December 31, 2015 was \$1,500,000.

Centennial Bank Secured Promissory Note

The Authority entered into a secured promissory note agreement dated December 31, 2015 for \$72,994 to pay off existing debt from the purchase of land held for development. The note is payable in 11 monthly installments of \$909 including interest at 4.5%. Remaining principal and accrued interest is due in full upon maturity on December 31, 2016. The note is secured by a deed of trust on certain land located in the Sierra View Subdivision.

USDA Rural Development Secured Promissory Note

The Authority entered into a Multi-Family Housing Assumption Agreement with the USDA dated August 24, 2007 for \$1,177,107 to consolidate four existing USDA loans with Regional Affordable Living Foundation (RALF) as the original borrower. The note is payable in monthly installments of \$6,307 including interest at 6.125%, net of monthly interest subsidy of \$3,810, through maturity in August 2037 and amortized over 50 years. The note is secured by a deed of trust on all rental property at Hillside Village Apartments.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Long-Term Liabilities (continued)

Alpine Bank Secured Promissory Note

The Authority entered into a secured promissory note dated September 30, 2014 for \$2,206,551 to pay off the existing loan obligation to Wells Fargo Bank, N.A. The note is payable in monthly installments of \$11,709 including interest at 4.0% through maturity on October 1, 2039. The note is secured by a deed of trust on land and improvements at the Fish Creek Mobile Home Park and pledge of associated rental revenues.

The note also requires the Authority to establish a \$100,000 reserve fund to be increased to \$180,000 by December 31, 2019.

City of Steamboat Springs Secured Promissory Note

The Authority entered into a secured promissory note agreement dated August 27, 2007 for \$954,000 to acquire the Fish Creek Mobile Home Park. In January 2011, the principal balance was reduced by \$193,856 for remaining escrow funds paid to the City after completion required railroad improvements. From January 1, 2011 through December 31, 2013, the note accrued interest at the lowest municipal bond rate then available plus one hundred basis points. The note was amended effective September 30, 2014 with the outstanding principal and accrued interest balance of \$790,778. The note is non-interest bearing through December 31, 2018 then requires annual payments on January 1 of \$30,777, including interest at 1.5%, and one final payment of \$44,155 at maturity on January 1, 2044. The note is secured by a subordinated deed of trust on land and improvements at the Fish Creek Mobile Home Park.

CWRPDA Loan – Drinking Water Revolving Fund (DWRF)

The Authority entered into a \$729,891 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) on June 1, 2015. Terms of the loan agreement include principal forgiveness of \$486,750 by CWRPDA to a reduced principal amount of \$243,141, a 0% interest rate, and semi-annual principal only payments of \$4,052 beginning November 1, 2015 through maturity on May 1, 2045. Proceeds were used to replace the water distribution system within the Fish Creek Mobile Home Park.

CWRPDA established a project loan account from which the Authority can draw funds upon request as project costs are incurred. The unexpended loan proceeds in the project loan account at December 31, 2015 were \$53,099.

The loan agreement requires the Authority to maintain an operations and maintenance reserve fund equal to three months of operations and maintenance expenses. The Authority has reserved \$23,558 for this purpose at December 31, 2015.

CWRPDA Loan – Water Pollution Control Revolving Fund (WPCRF)

The Authority entered into a \$613,768 loan agreement with CWRPDA on June 1, 2015. Terms of the loan agreement include a 0% interest rate and semi-annual principal only payments of \$15,344 beginning November 1, 2015 through maturity on May 1, 2035. Proceeds were used to replace the sewer collection system with new sewer mains under the drive aisle of the Fish Creek Mobile Home Park.

CWRPDA established a project loan account from which the Authority can draw funds upon request as project costs are incurred. The unexpended loan proceeds in the project loan account at December 31, 2015 were \$28,107.

The loan agreement has the same requirement to maintain an operations and maintenance reserve fund as the other CWRPDA loan.

Aggregate interest expense on long-term debt during 2015 and 2014 was \$167,528 and \$190,149, respectively.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Long-Term Liabilities (continued)

Long-term liability activity for the years ended December 31, 2015 and 2014 was as follows:

	December 31, 2014 Balance	Additions	Reductions	December 31, 2015 Balance	Due Within One Year
Centennial Bank	\$ 79,174	\$ -	\$ (6,181)	\$ 72,993	\$ 72,993
USDA Rural Development	1,144,484	-	(5,743)	1,138,741	6,105
City of Steamboat Springs	790,778	-	(30,777)	760,001	30,777
Bank of the San Juans Capital Lease Obligation	1,968,746	-	-	1,968,746	-
Alpine Bank	2,198,320	-	(53,291)	2,145,029	54,487
CWRPDA - DWRF	-	243,141	(4,052)	239,089	8,105
CWRPDA - WPCRF	-	613,768	(15,344)	598,424	30,688
	<u>\$ 6,181,502</u>	<u>\$ 856,909</u>	<u>\$ (115,388)</u>	<u>\$ 6,923,023</u>	<u>\$ 203,155</u>
	December 31, 2013 Balance	Additions	Reductions	December 31, 2014 Balance	Due Within One Year
Centennial Bank	\$ 85,904	\$ -	\$ (6,730)	\$ 79,174	\$ 79,174
USDA Rural Development	1,149,887	-	(5,403)	1,144,484	5,743
City of Steamboat Springs	782,948	7,830	-	790,778	30,777
Bank of the San Juans Capital Lease Obligation	1,968,746	-	-	1,968,746	-
Alpine Bank	-	2,206,551	(8,231)	2,198,320	52,325
Wells Fargo Bank, N.A.	2,220,453	-	(2,220,453)	-	-
	<u>\$ 6,207,938</u>	<u>\$ 2,214,381</u>	<u>\$ (2,240,817)</u>	<u>\$ 6,181,502</u>	<u>\$ 168,019</u>

The CWRPDA loan agreements include a rate covenant whereby the Authority's Fish Creek Mobile Home Park rents, after meeting operation and maintenance expenses, is required to be sufficient to cover 110% of the aggregate debt service coming due. The following is the Authority's calculation indicating compliance with the rate covenant for the year ended December 31, 2015:

Fish Creek Mobile Home Park:

Rents	\$ 360,660
Operating expenses	\$ 98,280
Excluding depreciation	<u>(4,049)</u>
	<u>94,231</u>
Net rents	<u>\$ 266,429</u>
Aggregate debt service payments	<u>\$ 210,081</u>
Net rents / aggregate debt service payments	<u>127%</u>

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Long-Term Liabilities (continued)

Aggregate debt service requirements of long-term debt at December 31, 2015, using interest rates currently in effect for variable rate debt and assumption of annual appropriation of lease purchase payments, were as follows:

	Principal	Interest	Total
2016	\$ 203,155	\$ 161,562	\$ 364,717
2017	132,799	155,677	288,476
2018	135,551	152,925	288,476
2019	205,598	159,195	364,793
2020	210,704	154,089	364,793
2021-2025	1,139,377	684,589	1,823,966
2026-2030	1,301,684	522,282	1,823,966
2031-2035	1,480,834	327,792	1,808,626
2036-2040	1,945,621	85,696	2,031,317
2041-2044	167,700	5,254	172,954
	\$ 6,923,023	\$ 2,409,061	\$ 9,332,084

Interfund Transfers

The Authority made the following transfers between funds during the years ended December 31, 2015 and 2014:

Transfer In	Transfer Out	2015 Amount
Development Fund	General Administrative Fund	\$ 64,000
General Administrative Fund	Down Payment Loan Fund	2,000
Home Store Fund	General Administrative Fund	11,026
Total interfund transfers		\$ 77,026
Transfer In	Transfer Out	2014 Amount
Development Fund	General Administrative Fund	\$ 64,000
General Administrative Fund	Down Payment Loan Fund	1,000
Total interfund transfers		\$ 65,000

Transfers to the Development Fund were to cover debt service expenditures while transfers between the General Administrative Fund and the Down Payment Loan Fund were to transfer a portion of interest earned on program loans.

The Authority took over operations of the Routt County Habitat for Humanity's Home Store effective January 1, 2015. The Authority ceased operations of the Home Store during 2015 and transferred funds to close out the Home Store Fund and its accumulated operating loss.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2015
(with summarized financial information as of December 31, 2014 and for the year then ended)

Note 4: Other Information

Related Party Transactions

The County contributed \$80,000 and \$88,000, respectively, of proprietary revenues to the Authority for the year ended December 31, 2015 and 2014. The City contributed \$80,000 of proprietary revenues to the Authority for each year ended December 31, 2014 and 2013. The City and County are not required to make annual contributions to the Authority.

The Authority has entered into an intergovernmental agreement with the City regarding down payment assistance funds. Per terms of the agreement, the City is to provide up to \$100,000 for a down payment assistance revolving loan fund program. The City is required to pay 10% of all granted funds in the Authority's General Administrative Fund for administrative costs remitted on a transactional basis at the time loan funds are transmitted. The City's management verbally increased the amount of available funds in the program to \$200,000.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. These risks are funded through participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA is an independent public entity risk pool whose general objectives are to provide member municipalities' defined property and liability and/or workers' compensation coverage through joint self insurance and excess insurance. It is financed by annual contributions and interest earnings on the contributions. The contributions are used, in part, to establish loss funds from which member claims and associated costs are paid. Excess reinsurance coverage is also purchased. Certain surplus funds are used to the benefit of members and may include reductions in future contributions. Although none have occurred to date, additional member contributions may be required if necessary. The Authority's contribution to CIRSA for insurance coverage during 2015 is reported as an expense. The Authority is unaware of any excess losses which may have been incurred by CIRSA and there have been no settled claims which exceed insurance coverage in any of the last three years.

Contingencies

The Reserves at Steamboat Springs

In April 2015, the Authority entered into a non-binding letter of intent with a developer in connection with the development, ownership, and operation of a proposed 48-unit affordable housing project to be known as the Reserves at Steamboat Springs located on the Elk River parcel. Per terms of the letter of intent, the property would be owned by a limited liability limited partnership or a limited liability company.

In July 2015, the Reserves at Steamboat Springs project was approved for a reservation of \$1,094,544 in annual tax credits for ten years beginning upon completion of the project.

The Colorado Department of Local Affairs has approved a \$400,000 contract for acquisition costs related to the project. The contract funding is conditioned upon numerous items pertaining to the approval and ownership structure of the project. Additionally, the City and County joint agreed to contribute \$400,000 to the project.

Grants

The Authority participates in several grant agreements. Expenses financed by grants are subject to audit by the appropriate grantor. Such audits could result in requests for reimbursement to the grantors for expenditures disallowed under the terms of the grants. Management of the Authority is not aware of any noncompliance issues, and believes that in the unlikely event any expense is disallowed it would be immaterial.

Subsequent Events

The Authority has evaluated subsequent events through March 14, 2016, the date these financial statements were available to be issued.

YAMPA VALLEY HOUSING AUTHORITY
Combing Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2015

	<u>Downpayment Loan Fund</u>	<u>Home Store Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 256,335	\$ -	\$ 256,335
Program loans receivable, current	<u>4,416</u>	<u>-</u>	<u>4,416</u>
Total current assets	<u>260,751</u>	<u>-</u>	<u>260,751</u>
Noncurrent assets:			
Program loans receivable, net	<u>263,206</u>	<u>-</u>	<u>263,206</u>
Total noncurrent assets	<u>263,206</u>	<u>-</u>	<u>263,206</u>
Total assets	<u>523,957</u>	<u>-</u>	<u>523,957</u>
Liabilities:			
Current liabilities			
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Net investment in capital assets	-	-	-
Restricted for:			
Revolving loan fund	12,047	-	12,047
Unrestricted (deficit)	<u>511,910</u>	<u>-</u>	<u>511,910</u>
Total net position	<u>\$ 523,957</u>	<u>\$ -</u>	<u>\$ 523,957</u>

YAMPA VALLEY HOUSING AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2015

	Downpayment Loan Fund	Home Store Fund	Total Nonmajor Proprietary Funds
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Other	\$ 18,047	\$ 42,679	\$ 60,726
	<u> </u>	<u> </u>	<u> </u>
Total operating revenues	18,047	42,679	60,726
	<u> </u>	<u> </u>	<u> </u>
Operating expenses:			
Wages and benefits	-	23,716	23,716
Operating and maintenance	-	1,665	1,665
Professional fees	-	1,186	1,186
General and administrative	2,135	-	2,135
Rent and utilities	-	18,843	18,843
Program loan losses	15,224	-	15,224
Other	-	8,295	8,295
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	17,359	53,705	71,064
	<u> </u>	<u> </u>	<u> </u>
Operating income (loss) before transfers	688	(11,026)	(10,338)
	<u> </u>	<u> </u>	<u> </u>
Transfers in	-	11,026	11,026
Transfers out	(2,000)	-	(2,000)
	<u> </u>	<u> </u>	<u> </u>
Change in net position	(1,312)	-	(1,312)
	<u> </u>	<u> </u>	<u> </u>
Net position, beginning	525,269	-	525,269
	<u> </u>	<u> </u>	<u> </u>
Net position (deficit), end	<u>\$ 523,957</u>	<u>\$ -</u>	<u>\$ 523,957</u>

YAMPA VALLEY HOUSING AUTHORITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2015

	Downpayment Loan Fund	Home Store Fund	Total Nonmajor Proprietary Funds
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Principal and interest received for program loans	\$ 43,616	\$ -	\$ 43,616
Cash received from other sources	-	42,679	42,679
Cash payments to employees for wages and benefits	-	(23,716)	(23,716)
Cash payments to vendors for goods and services	<u>(2,135)</u>	<u>(29,989)</u>	<u>(32,124)</u>
Net cash provided (used) by operating activities	<u>41,481</u>	<u>(11,026)</u>	<u>30,455</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	<u>(2,000)</u>	<u>11,026</u>	<u>9,026</u>
Net cash provided (used) by noncapital financing activities	<u>(2,000)</u>	<u>11,026</u>	<u>9,026</u>
Net change in cash and cash equivalents	39,481	-	39,481
Cash and cash equivalents, beginning of year	<u>216,854</u>	<u>-</u>	<u>216,854</u>
Cash and cash equivalents, end of year	<u><u>\$ 256,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 256,335</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 688	\$ (11,026)	\$ (10,338)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in:			
Program loans receivable, net	<u>40,793</u>	<u>-</u>	<u>40,793</u>
Net cash provided (used) by operating activities	<u><u>\$ 41,481</u></u>	<u><u>\$ (11,026)</u></u>	<u><u>\$ 30,455</u></u>

YAMPA VALLEY HOUSING AUTHORITY
General Administrative Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
Operating revenues:			
Contributions	\$ 160,000	\$ 668,309	\$ 508,309
Management fees	65,600	65,600	-
Mortgage income	19,300	16,391	(2,909)
Charges for services	1,000	-	(1,000)
Interest	200	168	(32)
Other	300	-	(300)
Total operating revenues	<u>246,400</u>	<u>750,468</u>	<u>504,068</u>
Expenditures:			
Wages and benefits	83,850	84,553	(703)
Contract labor	10,500	11,018	(518)
Professional fees	13,100	9,304	3,796
Office	12,800	12,455	345
Insurance	1,700	1,344	356
Other	15,150	6,951	8,199
Total expenditures	<u>137,100</u>	<u>125,625</u>	<u>11,475</u>
Excess of operating revenues over expenditures	<u>109,300</u>	<u>624,843</u>	<u>515,543</u>
Non-operating revenues (expenses):			
Transfers in	2,000	2,000	-
Transfers out	(60,100)	(75,026)	(14,926)
Net non-operating revenues (expenses)	<u>(58,100)</u>	<u>(73,026)</u>	<u>(14,926)</u>
Excess of operating revenues over expenditures and non-operating revenues (expenses)	51,200	551,817	<u>\$ 500,617</u>
Reconciliation to US GAAP basis:			
Mortgage principal payments received		(16,391)	
Change in fund net position - US GAAP basis		535,426	
Net position, beginning of year	<u>271,970</u>	<u>271,970</u>	
Net position, end of year	<u>\$ 323,170</u>	<u>\$ 807,396</u>	

YAMPA VALLEY HOUSING AUTHORITY
Development Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
Revenues:	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Debt service:			
Principal	6,593	6,181	412
Interest	52,011	51,950	61
Other	<u>1,100</u>	<u>736</u>	<u>364</u>
Total expenditures	<u>59,704</u>	<u>58,867</u>	<u>837</u>
Excess (deficiency) of operating revenues over expenditures	<u>(59,704)</u>	<u>(58,867)</u>	<u>(837)</u>
Non-operating revenues (expenses):			
Transfers	<u>60,100</u>	<u>64,000</u>	<u>3,900</u>
Net non-operating revenues (expenses)	<u>60,100</u>	<u>64,000</u>	<u>3,900</u>
Increase (decrease) in net position	396	5,133	<u>\$ 4,737</u>
Reconciliation to US GAAP basis:			
Loan principal payments		6,181	
Impairment loss		<u>(7,287)</u>	
Change in fund net position - US GAAP basis		4,027	
Net position (deficit), beginning of year	<u>(388,581)</u>	<u>(388,581)</u>	
Net position (deficit), end of year	<u>\$ (388,185)</u>	<u>\$ (384,554)</u>	

YAMPA VALLEY HOUSING AUTHORITY
Fish Creek Mobile Home Park Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Rents	\$ 360,660	\$ 360,660	\$ 360,660	\$ -
Grants and contributions	486,750	486,750	486,750	-
Loan proceeds	481,250	857,809	856,909	(900)
Interest	400	400	58	(342)
Other	1,000	1,000	454	(546)
Total revenues	1,330,060	1,706,619	1,704,831	(1,788)
Expenditures:				
Wages and benefits	7,150	7,150	6,240	910
Management fee	32,000	32,000	32,000	-
Utilities	39,500	39,500	32,620	6,880
Repairs and maintenance	5,000	5,000	1,200	3,800
Snow removal	10,000	10,000	4,430	5,570
Professional fees	5,100	5,100	8,265	(3,165)
Railroad license	5,550	5,550	5,794	(244)
Insurance	800	800	800	-
Other	7,600	7,600	2,882	4,718
Debt issuance costs	-	-	14,000	(14,000)
Capital	968,000	1,343,659	1,231,705	111,954
Debt service:				
Principal	83,200	83,200	103,465	(20,265)
Interest	88,200	88,200	91,357	(3,157)
Total expenditures	1,252,100	1,627,759	1,534,758	93,001
Excess of revenues over expenditures	77,960	78,860	170,073	<u>\$ 91,213</u>
Reconciliation to US GAAP basis:				
Loan principal payments			103,465	
Loan proceeds			(856,909)	
Contributed infrastructure assets			42,211	
Capitalized expenditures			1,231,705	
Depreciation			(4,049)	
Change in fund net position - US GAAP basis			686,496	
Net position, beginning of year	896,656	896,656	896,656	
Net position, end of year	<u>\$ 974,616</u>	<u>\$ 975,516</u>	<u>\$ 1,583,152</u>	

YAMPA VALLEY HOUSING AUTHORITY
Hillside Village Apartments Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Rents	\$ 374,892	\$ 374,892	\$ 399,493	\$ 24,601
Interest	150	150	128	(22)
Other	11,400	11,400	12,398	998
Total revenues	<u>386,442</u>	<u>386,442</u>	<u>412,019</u>	<u>25,577</u>
Expenditures:				
Operating and maintenance:				
Wages and benefits	43,300	43,300	46,073	(2,773)
Maintenance and repairs	16,200	16,200	31,341	(15,141)
Snow removal	20,000	20,000	10,817	9,183
Capital outlay	56,000	73,196	82,705	(9,509)
Other	32,800	32,800	9,120	23,680
Utilities	60,100	60,100	64,195	(4,095)
Administrative:				
Wages and benefits	58,480	58,480	58,348	132
Management fee	33,600	33,600	33,600	-
Manager unit rent	8,268	8,268	8,268	-
Professional fees	7,100	7,100	7,067	33
Other	14,000	14,000	15,405	(1,405)
Taxes and insurance	14,000	14,000	14,105	(105)
Debt service:				
Principal	5,743	5,743	5,743	-
Interest	24,221	24,221	24,221	-
Total expenditures	<u>393,812</u>	<u>411,008</u>	<u>411,008</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(7,370)	(24,566)	1,011	<u>\$ 25,577</u>
Reconciliation to US GAAP basis:				
Loan principal payments			5,743	
Capitalized expenditures			36,378	
Depreciation expense			<u>(100,369)</u>	
Change in fund net position - US GAAP basis			(57,237)	
Net position, beginning of year	<u>969,716</u>	<u>969,716</u>	<u>969,716</u>	
Net position, end of year	<u>\$ 962,346</u>	<u>\$ 945,150</u>	<u>\$ 912,479</u>	

YAMPA VALLEY HOUSING AUTHORITY
Down Payment Loan Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Principal repayments	\$ 25,911	\$ 39,075	\$ 13,164
Interest earned	3,652	18,021	14,369
Other	100	26	(74)
	<u>29,663</u>	<u>57,122</u>	<u>27,459</u>
Total revenues			
Expenditures:			
Direct assistance	25,000	-	25,000
Administrative	2,600	2,135	465
	<u>27,600</u>	<u>2,135</u>	<u>25,465</u>
Total expenditures			
Excess of operating revenues over expenditures	<u>2,063</u>	<u>54,987</u>	<u>52,924</u>
Non-operating revenues (expenses):			
Transfers out	(2,000)	(2,000)	-
	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net non-operating revenues (expenses)			
Excess of revenues over expenditures	63	52,987	<u>\$ 52,924</u>
Reconciliation to US GAAP basis:			
Principal repayments received for program loans		(39,075)	
Program loan losses		(15,224)	
		<u>(54,300)</u>	
Change in fund net position - US GAAP basis		(1,312)	
Net position, beginning of year	<u>525,269</u>	<u>525,269</u>	
Net position, end of year	<u>\$ 525,332</u>	<u>\$ 523,957</u>	

YAMPA VALLEY HOUSING AUTHORITY
Home Store Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
Revenues:			
Home store sales	\$ 96,000	\$ 40,299	\$ (55,701)
Other	-	2,380	2,380
Total revenues	<u>96,000</u>	<u>42,679</u>	<u>(53,321)</u>
Expenditures:			
Wages and benefits	40,200	23,716	16,484
Rent	37,200	18,000	19,200
Utilities	4,000	843	3,157
Vehicle	3,000	1,665	1,335
Professional fees	2,700	1,186	1,514
Other	8,800	8,295	505
Total expenditures	<u>95,900</u>	<u>53,705</u>	<u>42,195</u>
Excess (deficiency) of operating revenues over expenditures	<u>100</u>	<u>(11,026)</u>	<u>(11,126)</u>
Non-operating revenues (expenses):			
Transfers	-	11,026	11,026
Net non-operating revenues (expenses)	<u>-</u>	<u>11,026</u>	<u>11,026</u>
Increase (decrease) in net position	100	-	<u>\$ (100)</u>
Net position, beginning of year	<u>-</u>	<u>-</u>	
Net position (deficit), end of year	<u>\$ 100</u>	<u>\$ -</u>	



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*

To the Board of Directors
Yampa Valley Housing Authority

We have audited, in accordance with the 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 Yampa Valley Housing Authority (the Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 14, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 report is not suitable for any other purpose.

Catterson + Company, P.C.

March 14, 2016
Steamboat Springs, Colorado



Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Yampa Valley Housing Authority

Report on Compliance for Each Major Federal Program

We have audited the Yampa Valley Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2015. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) 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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on 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 the 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 the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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.

Cottler + Company, P.C.

March 14, 2016
Steamboat Springs, Colorado

YAMPA VALLEY HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture (USDA) Direct Programs:			
Rural Rental Housing Loan	10.415		<u>\$ 1,144,484 (1)</u>
Total USDA Direct Programs			<u>1,144,484</u>
Environmental Protection Agency (EPA):			
Pass-Through Programs From the Colorado Water Resources and Power Development Authority (CWRPDA):			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D15F349	526,214
Capitalization Grants for Clean Water State Revolving Funds	66.458	W15F349	<u>488,031</u>
Total EPA Programs			<u>1,014,245</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,158,729</u></u>

(1) Beginning loan balance on January 1, 2015.

YAMPA VALLEY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Yampa Valley Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2: Summary of 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: USDA Rural Development Rural Rental Housing Loan Program

The Authority's loan with the USDA loans were received and expended in prior years but are subject to continuing compliance requirements imposed by the USDA Rural Development. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule in accordance with the Uniform Guidance.

**YAMPA VALLEY HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with US GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified?	_____ yes <u> X </u> no
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified?	_____ yes <u> X </u> no
Type of auditor's report issued on compliance for major federal programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes <u> X </u> no
Identification of major federal programs:	
Environmental Protection Agency, Capitalization Grants for Drinking Water State Revolving Funds	CFDA Number 66.468
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

Section II: Financial Statement Findings

None noted.

Section III: Federal Award Findings and Questioned Costs

None noted.

**YAMPA VALLEY HOUSING AUTHORITY
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2015**

The Authority had no prior audit findings from the year ended December 31, 2014.