

YAMPA VALLEY HOUSING AUTHORITY

Financial Statements

December 31, 2017

YAMPA VALLEY HOUSING AUTHORITY

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements: | |
| Statement of Net Position | 9 |
| Statement of Revenues, Expenses and Changes in Net Position | 10 |
| Statement of Cash Flows | 11 |
| Notes to Financial Statements | 12 |
| Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget (Non-US GAAP Basis) and Actual: | |
| General Administrative Fund | 28 |
| Development Fund | 29 |
| Fish Creek Mobile Home Park Fund | 30 |
| Hillside Village Apartments Fund | 31 |
| Down Payment Loan Fund | 32 |
| Reports Required by <i>Government Auditing Standards</i> and the Uniform Guidance: | |
| 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> | 33 |
| Independent Auditor's Report on Compliance For Each Major Program; Report On Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 35 |
| Schedule of Expenditures of Federal Awards | 37 |
| Notes to the Schedule of Expenditures of Federal Awards | 38 |
| Schedule of Findings and Questioned Costs | 39 |
| Summary Schedule of Prior Audit Findings | 40 |
| Information Required by the United States Department of Agriculture Rural Development: | |
| Hillside Village Apartments: | |
| Multiple Family Housing Borrower Balance Sheet – Form RD 3560-10 | 41 |
| Multiple Family Housing Project Budget – Form RD 3560-7 | 43 |



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, 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 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, 2017, 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 December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2017. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2016 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.

The United States Department of Agriculture (USDA) Rural Development requires the inclusion of Forms RD 3560-10 and RD 3560-7 on pages 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the USDA 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 individual fund schedules of revenues, expenditures and changes in fund net position – budget and actual on pages 28-32 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 37 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 12, 2018 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.

A handwritten signature in blue ink that reads "Catterson + Company, P.C.".

March 12, 2018
Steamboat Springs, Colorado

**Yampa Valley Housing Authority
Management's Discussion and Analysis
December 31, 2017**

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, 2017. 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 \$626,826 at the close of the fiscal year.
- Development Fund net position increased to \$1,340,601 due to the passing of a new property tax with revenues of \$827,049 accrued in 2017 to be received in 2018,
- Fish Creek Mobile Home Park ("Park") began the year with net position of \$1,700,473. Operating revenues totaled \$365,283 during 2017. Operating expenditures of \$163,263 garners a net operating income of \$202,020 for 2017. Interest payments on debt leave the end of year net position standing at \$1,820,494
- The Hillside Village Apartments (Hillside) saw operating revenues totaling \$419,253 in 2017. Hillside ended the year with net operating income of \$6,004 as a result of operating expenses totaling \$413,249. Hillside began the year with net position of \$910,235 and ended 2017 with net position valued at \$892,878.
- 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 \$4,486. Operating expenses and program loan losses of \$20,294 leave net position at \$508,016 for 2017.

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.

Financial Analysis of the Yampa Valley Housing Authority

The following table summarizes net position at December 31, 2017 with a comparison to December 31, 2016:

| | General Administrative Fund | | Development Fund | | Fish Creek Mobile Home Park Fund | | Hillside Village Apartments Fund | | Non-Major Funds | | Total | |
|---|-----------------------------|-----------|------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|-----------------|-----------|-------------|--------------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Current Assets | \$345,812 | \$226,811 | \$272,375 | \$1,357,651 | \$254,662 | \$254,681 | \$117,972 | \$142,851 | \$267,549 | \$233,117 | \$1,258,370 | \$2,215,111 |
| Noncurrent Assets | \$451,259 | \$432,186 | \$828,087 | \$868,087 | \$5,012,606 | \$5,013,032 | \$1,946,988 | \$1,898,104 | \$258,275 | \$274,899 | \$8,497,215 | \$8,486,290 |
| Total Assets | \$797,071 | \$658,979 | \$1,100,462 | \$2,225,738 | \$5,267,268 | \$5,267,713 | \$2,064,960 | \$2,040,955 | \$525,824 | \$508,016 | \$9,755,585 | \$10,701,401 |
| Current Liabilities | \$31,716 | \$32,153 | \$65,266 | \$58,088 | \$129,492 | \$136,173 | \$28,579 | \$28,829 | - | - | \$255,053 | \$255,243 |
| Noncurrent Liabilities | - | - | - | - | \$3,437,303 | \$3,311,046 | \$1,126,146 | \$1,119,248 | - | - | \$4,563,449 | \$4,430,294 |
| Total Liabilities | \$31,716 | \$32,153 | \$65,266 | \$58,088 | \$3,566,795 | \$3,447,219 | \$1,154,725 | \$1,148,077 | - | - | \$4,818,502 | \$4,485,537 |
| Net Position: | | | | | | | | | | | | |
| Net Investment in Capital Assets | - | - | \$61,734 | \$68,912 | \$1,271,368 | \$1,395,707 | \$571,543 | \$688,612 | - | - | \$1,904,645 | \$2,153,231 |
| Restricted: Emergencies-TABOR | \$49,557 | \$30,065 | - | - | - | - | - | - | - | - | \$49,557 | \$30,065 |
| Restricted: Revolving Loan Fund | - | - | - | - | \$31,287 | \$32,260 | - | - | \$23,309 | \$24,122 | \$31,287 | \$32,260 |
| Unrestricted | \$715,798 | \$596,761 | \$973,462 | \$1,271,689 | \$397,818 | \$392,527 | \$338,692 | \$204,266 | \$502,515 | \$483,894 | \$2,928,285 | \$2,949,137 |
| Total Net Position | \$765,355 | \$626,826 | \$1,035,196 | \$1,340,601 | \$1,700,473 | \$1,820,494 | \$910,235 | \$892,878 | \$525,824 | \$508,016 | \$4,937,083 | \$5,188,815 |

The General Administrative Fund assets exceed liabilities by \$626,826, 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 \$32,153 are accounts payable at the end of the year.

The Development Fund liabilities represent the recent sale of 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 2017 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, 2017.

| | General Administrative Fund | | Development Fund | | Fish Creek Mobile Home Park Fund | | Hillside Village Apartments Fund | | Non-Major Funds | | Total** | |
|--|-----------------------------|-------------|------------------|-------------|----------------------------------|-------------|----------------------------------|------------|-----------------|------------|-------------|-------------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Operating Revenues | \$215,872 | \$214,421 | \$30,000 | \$120,000 | \$361,755 | \$365,283 | \$426,307 | \$419,253 | \$5,729 | \$4,486 | \$974,059 | \$1,057,843 |
| Operating Expenses | \$150,712 | \$205,109 | \$600 | 4,820 | \$157,247 | \$163,263 | \$404,804 | \$413,249 | \$1,862 | \$20,294 | \$649,621 | \$741,135 |
| Operating Income (Loss) | \$65,160 | \$9,9312 | \$29,400 | \$115,180 | \$204,508 | \$202,020 | \$21,503 | \$6,004 | \$3,867 | (\$15,808) | \$324,438 | \$316,708 |
| Non-Operating Revenues (Expenses) | \$570 | \$159 | \$811,833 | \$40,225 | (\$87,187) | (\$81,999) | (\$23,747) | (\$23,361) | - | - | \$701,469 | (\$64,976) |
| Net Income (Loss) | \$65,730 | \$9,471 | \$841,233 | \$155,405 | \$117,321 | \$120,021 | (\$2,244) | (\$17,357) | \$3,867 | (\$15,808) | \$1,025,907 | \$251,732 |
| Beginning Net Position | \$807,396 | \$765,355 | (\$384,554) | \$1,035,196 | \$1,583,152 | \$1,700,473 | \$912,479 | \$910,235 | \$523,957 | \$525,824 | \$3,442,430 | \$4,937,083 |
| Net Transfers/ Impairments | (\$107,771) | (\$148,000) | \$578,517 | \$150,000 | - | - | - | - | (\$2,000) | (\$2,000) | \$468,746 | - |
| Change in Net Position | (\$42,041) | (\$138,529) | \$1,419,750 | \$305,405 | \$117,321 | \$120,021 | (\$2,244) | (\$17,357) | \$1,867 | (\$17,808) | \$1,494,653 | \$251,732 |
| Ending Net Position | \$765,355 | \$626,826 | \$1,035,196 | \$1,340,601 | \$1,700,473 | \$1,820,494 | \$910,235 | \$892,878 | \$525,824 | \$508,016 | \$4,937,083 | \$5,188,815 |

**Totals account for \$65,600 management fee eliminations in both revenues and expenses during 2016 and 2017.

Assets Held for Development

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 \$5,012,606 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 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, December 2015, December 2016 and December 2017. The current note matures on December 31, 2018 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 \$1,126,146. 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 require 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 \$182,862 and has an interest rate of 0%. The Water Pollution Control Revolving Loan has a principal balance of \$520,950 and has an interest rate of 0%.

Budget Amendments

Three supplemental budget amendments were approved for 2017.

- General Fund expenditures were increased by \$6,109 for election expenses
- Development Fund expenditures were increased by \$55,000 for capital improvements and professional fees
- Hillside Village Apartment Fund expenditures were increased by \$177,300 for capital improvements
- Fish Creek Mobile Home Park Fund expenditures were increased by \$29,944 for capital improvements

Future Events

YVHA is currently in negotiations to develop three new housing projects utilizing property tax revenues approved by voters in 2017.

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 The Reserves Clubhouse, 2100 Elk River Road, Steamboat Springs, CO 80487

YAMPA VALLEY HOUSING AUTHORITY
Statement of Net Position
December 31, 2017
(with summarized financial information as of December 31, 2016)

| | General Administrative Fund | Development Fund | Fish Creek Mobile Home Park Fund | Hillside Village Apartments Fund | Nonmajor Proprietary Fund | December 31, 2017 Total | December 31, 2016 Total |
|--------------------------------------|-----------------------------------|---------------------|--|--|---------------------------------|-------------------------------|-------------------------------|
| Assets: | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 195,679 | \$ 283,472 | \$ 247,310 | \$ 109,132 | \$ 222,817 | \$ 1,058,410 | \$ 1,056,355 |
| Accounts receivable, net | - | 120,000 | 4,095 | 520 | - | 124,615 | 11,209 |
| Property taxes receivable | - | 827,049 | - | - | - | 827,049 | - |
| Restricted cash | - | - | - | 33,199 | - | 33,199 | 33,258 |
| Program loans receivable, current | - | - | - | - | 10,300 | 10,300 | 7,801 |
| Mortgages receivable, current | 23,758 | - | - | - | - | 23,758 | 19,341 |
| Land held for development, current | - | 127,000 | - | - | - | 127,000 | 127,000 |
| Other | 7,374 | 130 | 3,276 | - | - | 10,780 | 3,406 |
| Total current assets | 226,811 | 1,357,651 | 254,681 | 142,851 | 233,117 | 2,215,111 | 1,258,370 |
| Noncurrent assets: | | | | | | | |
| Program loans receivable, net | - | - | - | - | 274,899 | 274,899 | 258,275 |
| Capital assets, net | - | - | 4,833,032 | 1,814,758 | - | 6,647,790 | 6,536,785 |
| Mortgages receivable, net | 432,168 | - | - | - | - | 432,168 | 451,259 |
| Restricted cash | - | - | 180,000 | 83,346 | - | 263,346 | 422,809 |
| Note receivable and accrued interest | - | 868,087 | - | - | - | 868,087 | 828,087 |
| Total noncurrent assets | 432,168 | 868,087 | 5,013,032 | 1,898,104 | 274,899 | 8,486,290 | 8,497,215 |
| Total assets | \$ 658,979 | \$ 2,225,738 | \$ 5,267,713 | \$ 2,040,955 | \$ 508,016 | \$ 10,701,401 | \$ 9,755,585 |

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

YAMPA VALLEY HOUSING AUTHORITY
Statement of Net Position
December 31, 2017
(with summarized financial information as of December 31, 2016)

| | General Administrative Fund | Development Fund | Fish Creek Mobile Home Park Fund | Hillside Village Apartments Fund | Nonmajor Proprietary Fund | December 31, 2017 Total | December 31, 2016 Total |
|---------------------------------------|-----------------------------------|---------------------|--|--|---------------------------------|-------------------------------|-------------------------------|
| Liabilities: | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable and accruals | \$ 32,153 | \$ - | \$ 4,272 | \$ - | \$ - | \$ 36,425 | \$ 31,716 |
| Rents received in advance | - | - | 5,622 | - | - | 5,622 | 5,557 |
| Tenant security deposits | - | - | - | 21,931 | - | 21,931 | 22,089 |
| Current portion of long-term debt | - | 58,088 | 126,279 | 6,898 | - | 191,265 | 195,691 |
| Total current liabilities | 32,153 | 58,088 | 136,173 | 28,829 | - | 255,243 | 255,053 |
| Noncurrent liabilities: | | | | | | | |
| Long-term debt | - | - | 3,311,046 | 1,119,248 | - | 4,430,294 | 4,563,449 |
| Total liabilities | 32,153 | 58,088 | 3,447,219 | 1,148,077 | - | 4,685,537 | 4,818,502 |
| Deferred Inflows of Resources: | | | | | | | |
| Deferred property tax revenues | - | 827,049 | - | - | - | 827,049 | - |
| Total deferred inflows of resources | - | 827,049 | - | - | - | 827,049 | - |
| Net Position: | | | | | | | |
| Net investment in capital assets | - | 68,912 | 1,395,707 | 688,612 | - | 2,153,231 | 1,904,645 |
| Restricted for: | | | | | | | |
| Emergencies | 30,065 | - | - | - | - | 30,065 | 49,557 |
| Operations and maintenance reserve | - | - | 32,260 | - | - | 32,260 | 31,287 |
| Revolving loan fund | - | - | - | - | 24,122 | 24,122 | 23,309 |
| Unrestricted | 596,761 | 1,271,689 | 392,527 | 204,266 | 483,894 | 2,949,137 | 2,928,285 |
| Total net position | <u>\$ 626,826</u> | <u>\$ 1,340,601</u> | <u>\$ 1,820,494</u> | <u>\$ 892,878</u> | <u>\$ 508,016</u> | <u>\$ 5,188,815</u> | <u>\$ 4,937,083</u> |

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, 2017
(with summarized financial information for the year ended December 31, 2016)

| | General Administrative Fund | Development Fund | Fish Creek Mobile Home Park Fund | Hillside Village Apartments Fund | Nonmajor Proprietary Fund | Eliminations | December 31, 2017 Total | December 31, 2016 Total |
|---------------------------------|-----------------------------------|---------------------|--|--|---------------------------------|-----------------|-------------------------------|-------------------------------|
| Operating revenues: | | | | | | | | |
| Rents | \$ - | \$ - | \$ 364,995 | \$ 408,519 | \$ - | \$ - | \$ 773,514 | \$ 774,100 |
| Contributions | 140,000 | - | - | - | - | - | 140,000 | 150,000 |
| Management fees | 65,600 | - | - | - | - | (65,600) | - | - |
| Other | 8,821 | 120,000 | 288 | 10,734 | 4,486 | - | 144,329 | 49,959 |
| Total operating revenues | 214,421 | 120,000 | 365,283 | 419,253 | 4,486 | (65,600) | 1,057,843 | 974,059 |
| Operating expenses: | | | | | | | | |
| Wages and benefits | 140,101 | - | 7,514 | 118,396 | - | - | 266,011 | 208,014 |
| Operating and maintenance | - | - | 22,228 | 36,425 | - | - | 58,653 | 107,214 |
| Management fees | - | - | 32,000 | 33,600 | - | (65,600) | - | - |
| Professional fees | 27,927 | 4,500 | 7,095 | 4,648 | - | - | 44,170 | 29,925 |
| General and administrative | 13,749 | - | 10,189 | 26,235 | 2,512 | - | 52,685 | 39,827 |
| Rent and utilities | - | - | 43,783 | 72,495 | - | - | 116,278 | 104,460 |
| Taxes and insurance | - | - | - | 14,000 | - | - | 14,000 | 14,792 |
| Program loan losses | - | - | - | - | 17,782 | - | 17,782 | - |
| Depreciation | - | - | 34,224 | 107,450 | - | - | 141,674 | 131,830 |
| Other | 23,332 | 320 | 6,230 | - | - | - | 29,882 | 13,559 |
| Total operating expenses | 205,109 | 4,820 | 163,263 | 413,249 | 20,294 | (65,600) | 741,135 | 649,621 |
| Operating income | \$ 9,312 | \$ 115,180 | \$ 202,020 | \$ 6,004 | \$ (15,808) | \$ - | \$ 316,708 | \$ 324,438 |

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, 2017
(with summarized financial information for the year ended December 31, 2016)

| | General Administrative Fund | Development Fund | Fish Creek Mobile Home Park Fund | Hillside Village Apartments Fund | Nonmajor Proprietary Fund | Eliminations | December 31, 2017 Total | December 31, 2016 Total |
|--|-----------------------------------|---------------------|--|--|---------------------------------|--------------|-------------------------------|-------------------------------|
| Non-operating revenues (expenses): | | | | | | | | |
| Interest income | \$ 159 | \$ 42,363 | \$ 1,793 | \$ 113 | \$ - | \$ - | \$ 44,428 | \$ 28,848 |
| Interest expense | - | (2,138) | (83,792) | (23,474) | - | - | (109,404) | (126,379) |
| Capital grants and contributions | - | - | - | - | - | - | - | 799,000 |
| Total non-operating revenues (expenses) | 159 | 40,225 | (81,999) | (23,361) | - | - | (64,976) | 701,469 |
| Income (loss) before transfers and losses | 9,471 | 155,405 | 120,021 | (17,357) | (15,808) | - | 251,732 | 1,025,907 |
| Transfers in | 2,000 | 150,000 | - | - | - | - | 152,000 | 111,771 |
| Transfers out | (150,000) | - | - | - | (2,000) | - | (152,000) | (111,771) |
| Gain on land held for development | - | - | - | - | - | - | - | 468,746 |
| Change in net position | (138,529) | 305,405 | 120,021 | (17,357) | (17,808) | - | 251,732 | 1,494,653 |
| Net position, beginning | 765,355 | 1,035,196 | 1,700,473 | 910,235 | 525,824 | - | 4,937,083 | 3,442,430 |
| Net position, end | <u>\$ 626,826</u> | <u>\$ 1,340,601</u> | <u>\$ 1,820,494</u> | <u>\$ 892,878</u> | <u>\$ 508,016</u> | <u>\$ -</u> | <u>\$ 5,188,815</u> | <u>\$ 4,937,083</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, 2017
(with summarized financial information for the year ended December 31, 2016)

| | General Administrative Fund | Development Fund | Fish Creek Mobile Home Park Fund | Hillside Village Apartments Fund | Nonmajor Proprietary Fund | December 31, 2017 Total | December 31, 2016 Total |
|--|-----------------------------------|---------------------|--|--|---------------------------------|-------------------------------|-------------------------------|
| Cash flows from operating activities: | | | | | | | |
| Cash received from rents | \$ - | \$ - | \$ 368,123 | \$ 409,872 | \$ - | \$ 777,995 | \$ 773,698 |
| Cash received from contributions | 140,000 | - | - | - | - | 140,000 | 150,000 |
| Principal and interest received for program loans | - | - | - | - | 31,664 | 31,664 | 36,525 |
| Cash received from other sources | 74,421 | - | 288 | 10,734 | 4,486 | 89,929 | 107,880 |
| Cash payments to employees for wages and benefits | (140,101) | - | (7,514) | (118,396) | - | (266,011) | (208,014) |
| Cash payments to vendors for goods and services | (71,945) | (4,820) | (117,253) | (187,403) | (2,513) | (383,934) | (496,334) |
| Program loans issued | - | - | - | - | (68,568) | (68,568) | (29,250) |
| Net cash provided (used) by operating activities | <u>2,375</u> | <u>(4,820)</u> | <u>243,644</u> | <u>114,807</u> | <u>(34,931)</u> | <u>321,075</u> | <u>334,505</u> |
| Cash flows from noncapital financing activities: | | | | | | | |
| Transfers from (to) other funds | <u>(148,000)</u> | <u>150,000</u> | <u>-</u> | <u>-</u> | <u>(2,000)</u> | <u>-</u> | <u>-</u> |
| Net cash provided (used) by noncapital financing activities | <u>(148,000)</u> | <u>150,000</u> | <u>-</u> | <u>-</u> | <u>(2,000)</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | | | | |
| Acquisition of capital assets | - | - | (34,650) | (218,030) | - | (252,680) | (73,622) |
| Principal payments on long-term debt | - | (7,178) | (123,913) | (6,490) | - | (137,581) | (134,273) |
| Interest payments on long-term debt | - | (2,138) | (83,792) | (23,474) | - | (109,404) | (126,379) |
| Cash received from capital grants | - | - | - | - | - | - | 948,264 |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>(9,316)</u> | <u>(242,355)</u> | <u>(247,994)</u> | <u>-</u> | <u>(499,665)</u> | <u>613,990</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, 2017
(with summarized financial information for the year ended December 31, 2016)

| | General Administrative Fund | Development Fund | Fish Creek Mobile Home Park Fund | Hillside Village Apartments Fund | Nonmajor Proprietary Fund | December 31, 2017 Total | December 31, 2016 Total |
|---|-----------------------------------|---------------------|--|--|---------------------------------|-------------------------------|-------------------------------|
| Cash flows from investing activities: | | | | | | | |
| Interest received | 159 | 2,363 | 1,793 | 113 | - | 4,428 | 761 |
| Capital contributions to investments in LLC | - | - | - | - | - | - | (130) |
| Mortgage principal payments received | 16,695 | - | - | - | - | 16,695 | 18,841 |
| Issuance of note receivable | - | - | - | - | - | - | (800,000) |
| Net transfers (to) from restricted cash | - | - | - | 159,522 | - | 159,522 | (197,046) |
| Net cash provided (used) by investing activities | <u>16,854</u> | <u>2,363</u> | <u>1,793</u> | <u>159,635</u> | <u>-</u> | <u>180,645</u> | <u>(977,574)</u> |
| Net change in cash and cash equivalents | (128,771) | 138,227 | 3,082 | 26,448 | (36,931) | 2,055 | (29,079) |
| Cash and cash equivalents, beginning of year | <u>324,450</u> | <u>145,245</u> | <u>244,228</u> | <u>82,684</u> | <u>259,748</u> | <u>1,056,355</u> | <u>1,085,434</u> |
| Cash and cash equivalents, end of year | <u>\$ 195,679</u> | <u>\$ 283,472</u> | <u>\$ 247,310</u> | <u>\$ 109,132</u> | <u>\$ 222,817</u> | <u>\$ 1,058,410</u> | <u>\$ 1,056,355</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | | | |
| Operating income | \$ 9,312 | \$ 115,180 | \$ 202,020 | \$ 6,004 | \$ (15,808) | \$ 316,708 | \$ 324,438 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation | - | - | 34,224 | 107,450 | - | 141,674 | 131,830 |
| (Increase) decrease in: | | | | | | | |
| Accounts receivable | - | (120,000) | 3,063 | 1,511 | - | (115,426) | 1,257 |
| Program loans receivable, net | - | - | - | - | (19,123) | (19,123) | 1,546 |
| Other | (7,374) | - | - | - | - | (7,374) | (585) |
| Increase (decrease) in: | | | | | | | |
| Accounts payable and accruals, net of capital items | 437 | - | 4,272 | - | - | 4,709 | (120,368) |
| Rents received in advance | - | - | 65 | - | - | 65 | (3,035) |
| Tenant security deposits | - | - | - | (158) | - | (158) | (578) |
| Net cash provided (used) by operating activities | <u>\$ 2,375</u> | <u>\$ (4,820)</u> | <u>\$ 243,644</u> | <u>\$ 114,807</u> | <u>\$ (34,931)</u> | <u>\$ 321,075</u> | <u>\$ 334,505</u> |

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

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 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) for governmental entities. 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 financial reporting entity consists of (a) the primary government, i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority has one component unit, YVHA Elk River Enterprise, LLC (Elk River). Separate financial statements are not prepared for Elk River as it is reported as a blended component unit.

Elk River was organized in April 2016 as a limited liability company under the provisions of the laws of the State of Colorado to assist and participate in the development of a project known as The Reserves at Steamboat Springs (The Reserves) consisting of 48 apartment units and a clubhouse. The sole member of Elk River is the Authority.

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, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

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

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Accounts Receivable

Receivables consist primarily of amounts due from tenants for rent and other charges. 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 \$1,000 as of December 31, 2017 and 2016.

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 \$22,800 and \$18,000 as of December 31, 2017 and 2016, respectively.

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. The Authority has not established an allowance for uncollectible mortgage notes as of December 31, 2017 based upon a review of the notes outstanding.

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.

Investments in Limited Liability Companies

Elk River maintains a 0.01% interest as a special member in OPG Steamboat Springs Partners, LLC and a 30.00% interest in OPG SS Managers, LLC. OPG SS Managers, LLC maintains a 0.01% interest as the managing member of OPG Steamboat Springs Partners, LLC. Elk River's investments in limited liability companies are accounted for using the equity method of accounting and are reported as of December 31, 2016 which is the date of the most recent available financial statements.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources consist of unavailable revenues from property taxes to be collected in the subsequent year.

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.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer collects property taxes and remits collections to the Authority on a monthly basis.

Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows of resources are recorded as revenue in the year they are available or collected.

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, 2016, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

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 appropriation for the year ended December 31, 2017:

- Development Fund expenditure appropriations were increased by \$55,000 for capital improvements and professional fees funded from available fund balance.
- Hillside Village Apartments Fund expenditure appropriations were increased by \$177,300 for capital improvements funded from cash reserve funds.
- Fish Creek Mobile Home Park Fund expenditure appropriations were increased by \$29,944 for capital improvements funded from available fund balance.
- General Administrative Fund expenditure appropriates were increased by \$6,109 for election related expenditures funded from available fund balance.

Compliance

The Authority had no expenditures in excess of final appropriations for the year ended December 31, 2017.

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.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability (continued)

TABOR Amendment (continued)

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 \$30,065 of the December 31, 2017 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, as of December 31, 2017 and 2016 was \$932,055 and \$1,427,629, respectively and bank balances were \$976,649 and \$1,426,125. Of the bank balances, \$548,981 and \$691,855 as of December 31, 2017 and 2016, respectively, was covered by federal deposit insurance and \$427,668 and \$734,270, respectively, 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.

Investments

As of December 31, 2017 and 2016, the Authority had \$422,898 and \$84,729, respectively, invested in the Colorado Local Government Liquid Asset 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 adviser 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. The COLOTRUST PLUS+ 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 portfolio's weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. Portfolio securities are priced to market daily. The COLOTRUST 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.

YAMPA VALLEY HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2017

(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 3: Detailed Notes on All Funds

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, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|-------------------|-------------------|
| Current: | | |
| <i>Hillside Village Apartments:</i> | | |
| Tenant security deposits | \$ 23,023 | \$ 23,086 |
| Tax and insurance reserve | <u>10,176</u> | <u>10,172</u> |
| | <u>\$ 33,199</u> | <u>\$ 33,258</u> |
| Noncurrent: | | |
| <i>Hillside Village Apartments:</i> | | |
| Reserve for replacement | \$ 83,346 | \$ 242,809 |
| <i>Fish Creek Mobile Home Park:</i> | | |
| Loan reserve | <u>180,000</u> | <u>180,000</u> |
| | <u>\$ 263,346</u> | <u>\$ 422,809</u> |

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 subordinately 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 2018 to 2047.

YAMPA VALLEY HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2017

(with summarized financial information as of December 31, 2016 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, 2017 and 2016 is summarized below:

| | December 31, 2016 Balance | Additions | Deletions | December 31, 2017 Balance |
|--------------------------------|---------------------------------|------------|-----------|---------------------------------|
| Land | \$ 4,007,078 | \$ - | \$ - | \$ 4,007,078 |
| Other capital assets: | | | | |
| Buildings and improvements | 2,592,569 | 243,883 | - | 2,836,452 |
| Land improvements | 182,570 | - | - | 182,570 |
| Water and sewer systems | 1,139,212 | 8,797 | - | 1,148,009 |
| Roads | 156,335 | - | - | 156,335 |
| Furniture and equipment | 12,870 | - | - | 12,870 |
| Computer software | 20,991 | - | - | 20,991 |
| Total other capital assets | 4,104,547 | 252,680 | - | 4,357,227 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (1,384,109) | (104,166) | - | (1,488,275) |
| Land improvements | (124,067) | (6,383) | - | (130,450) |
| Furniture and equipment | (12,522) | (349) | - | (12,871) |
| Water and sewer systems | (24,683) | (22,960) | - | (47,643) |
| Roads | (8,468) | (7,817) | - | (16,285) |
| Computer software | (20,991) | - | - | (20,991) |
| Total accumulated depreciation | (1,574,840) | (141,675) | - | (1,716,515) |
| Net capital assets | \$ 6,536,785 | \$ 111,005 | \$ - | \$ 6,647,790 |

| | December 31, 2015 Balance | Additions | Deletions | December 31, 2016 Balance |
|--------------------------------|---------------------------------|-------------|-----------|---------------------------------|
| Land | \$ 4,007,078 | \$ - | \$ - | \$ 4,007,078 |
| Other capital assets: | | | | |
| Buildings and improvements | 2,521,987 | 70,582 | - | 2,592,569 |
| Land improvements | 179,530 | 3,040 | - | 182,570 |
| Water and sewer systems | 1,139,212 | - | - | 1,139,212 |
| Roads | 156,335 | - | - | 156,335 |
| Furniture and equipment | 17,521 | - | (4,651) | 12,870 |
| Computer software | 20,991 | - | - | 20,991 |
| Total other capital assets | 4,035,576 | 73,622 | (4,651) | 4,104,547 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (1,290,461) | (93,648) | - | (1,384,109) |
| Land improvements | (115,623) | (8,444) | - | (124,067) |
| Furniture and equipment | (16,537) | (636) | 4,651 | (12,522) |
| Water and sewer systems | (3,398) | (21,285) | - | (24,683) |
| Roads | (651) | (7,817) | - | (8,468) |
| Computer software | (20,991) | - | - | (20,991) |
| Total accumulated depreciation | (1,447,661) | (131,830) | 4,651 | (1,574,840) |
| Net capital assets | \$ 6,594,993 | \$ (58,208) | \$ - | \$ 6,536,785 |

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 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, 2017 and 2016 is summarized below:

| | December 31, 2016 Balance | Additions | Disposals and Impairments | December 31, 2017 Balance |
|-------------------------------|---------------------------------|-------------|------------------------------|---------------------------------|
| Sierra View Subdivision: Land | \$ 127,000 | \$ - | \$ - | \$ 127,000 |
| Total | \$ 127,000 | \$ - | \$ - | \$ 127,000 |
| | December 31, 2015 Balance | Additions | Disposals and Impairments | December 31, 2016 Balance |
| Sierra View Subdivision: Land | \$ 127,000 | \$ - | \$ - | \$ 127,000 |
| Elk River Development: Land | 1,500,000 | - | (1,500,000) | - |
| Total | \$ 1,627,000 | \$ - | \$ (1,500,000) | \$ 127,000 |

At December 31, 2017, 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 as of December 31, 2017:

Citywide Banks Secured Promissory Note

The Authority entered into a secured promissory note agreement dated December 31, 2017 for \$58,088 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, 2018. 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.

Alpine Bank Secured Promissory Note

The Authority entered into a secured promissory note dated September 30, 2014 for \$2,206,551 to pay off an 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.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Long-Term Liabilities (continued)

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 of 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 an outstanding principal and accrued interest balance of \$790,778. The note is non-interest bearing through December 31, 2018 and requires annual payments on January 1 of \$30,777, including interest at 1.5% after December 31, 2018, 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 (DWRP)

The Authority entered into a \$729,891 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) on June 1, 2015. The loan agreement included principal forgiveness of \$486,750 by CWRPDA to a reduced principal amount of \$243,141 and a 0% interest rate. In March 2016, the principal was further reduced by the remaining unused project funds of \$42,928. Terms of the loan agreement include a 0% interest rate and semi-annual principal only payments of \$3,325 beginning May 1, 2016 through maturity on May 1, 2045. Proceeds were used to replace the water distribution system within the Fish Creek Mobile Home Park.

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 \$32,260 for this purpose as of December 31, 2017.

CWRPDA Loan – Water Pollution Control Revolving Fund (WPCRF)

The Authority entered into a \$613,768 loan agreement with CWRPDA on June 1, 2015. In March 2016, the principal was reduced by the remaining unused project funds of \$17,937. Terms of the loan agreement include a 0% interest rate and semi-annual principal only payments of \$14,884 beginning May 1, 2016 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.

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

Aggregate interest expense on long-term debt during 2017 and 2016 was \$109,404 and \$126,379, respectively.

YAMPA VALLEY HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2017

(with summarized financial information as of December 31, 2016 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, 2017 and 2016 was as follows:

| | December 31, 2016 Balance | Additions | Reductions | December 31, 2017 Balance | Due Within One Year |
|---|---------------------------------|-------------|-----------------------|---------------------------------|------------------------|
| Citywide Banks | \$ 65,266 | \$ - | \$ (7,178) | \$ 58,088 | \$ 58,088 |
| USDA Rural Development | 1,132,636 | - | (6,490) | 1,126,146 | 6,898 |
| City of Steamboat Springs | 729,224 | - | (30,777) | 698,447 | 30,777 |
| Alpine Bank | 2,091,784 | - | (56,718) | 2,035,066 | 59,083 |
| CWRPDA - DWRF | 189,511 | - | (6,649) | 182,862 | 6,650 |
| CWRPDA - WPCRF | 550,719 | - | (29,769) | 520,950 | 29,769 |
| | <u>\$ 4,759,140</u> | <u>\$ -</u> | <u>\$ (137,581)</u> | <u>\$ 4,621,559</u> | <u>\$ 191,265</u> |
| | December 31, 2015 Balance | Additions | Reductions | December 31, 2016 Balance | Due Within One Year |
| Citywide Banks | \$ 72,993 | \$ - | \$ (7,727) | \$ 65,266 | \$ 65,266 |
| USDA Rural Development | 1,138,741 | - | (6,105) | 1,132,636 | 6,490 |
| City of Steamboat Springs | 760,001 | - | (30,777) | 729,224 | - |
| Bank of the San Juans Capital Lease Obligation | 1,968,746 | - | (1,968,746) | - | 30,777 |
| Alpine Bank | 2,145,029 | - | (53,245) | 2,091,784 | 56,739 |
| CWRPDA - DWRF | 239,089 | - | (49,578) | 189,511 | 6,650 |
| CWRPDA - WPCRF | 598,424 | - | (47,705) | 550,719 | 29,769 |
| | <u>\$ 6,923,023</u> | <u>\$ -</u> | <u>\$ (2,163,883)</u> | <u>\$ 4,759,140</u> | <u>\$ 195,691</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, 2017:

| | | |
|---|-----------------|-------------------|
| <i>Fish Creek Mobile Home Park:</i> | | |
| Rents | | \$ 364,995 |
| Operating expenses | \$ 163,263 | |
| Excluding depreciation | <u>(34,224)</u> | |
| | | <u>129,039</u> |
| Net rents | | <u>\$ 235,956</u> |
| Aggregate debt service payments | | <u>\$ 207,707</u> |
| Net rents / aggregate debt service payments | | <u>114%</u> |

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 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 as of December 31, 2017 were as follows:

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2018 | \$ 191,265 | \$ 107,051 | \$ 298,316 |
| 2019 | 126,038 | 111,632 | 237,670 |
| 2020 | 129,353 | 108,317 | 237,670 |
| 2021 | 132,808 | 104,863 | 237,671 |
| 2022 | 136,407 | 95,264 | 231,671 |
| 2023-2027 | 741,574 | 446,774 | 1,188,348 |
| 2028-2032 | 857,468 | 330,882 | 1,188,350 |
| 2033-2037 | 1,790,219 | 185,258 | 1,975,477 |
| 2038-2042 | 426,626 | 21,932 | 448,558 |
| 2043-2044 | 89,801 | 1,750 | 91,551 |
| | <u>\$ 4,621,559</u> | <u>\$ 1,513,723</u> | <u>\$ 6,135,282</u> |

Interfund Transfers

The Authority made the following transfers between funds during the years ended December 31, 2017 and 2016:

| Transfer In | Transfer Out | 2017 Amount |
|-----------------------------|-----------------------------|-------------------|
| Development Fund | General Administrative Fund | \$ 150,000 |
| General Administrative Fund | Down Payment Loan Fund | <u>2,000</u> |
| Total interfund transfers | | <u>\$ 152,000</u> |
| Transfer In | Transfer Out | 2016 Amount |
| Development Fund | General Administrative Fund | \$ 109,771 |
| General Administrative Fund | Down Payment Loan Fund | <u>2,000</u> |
| Total interfund transfers | | <u>\$ 111,771</u> |

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.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 4: Other Information

Related Party Transactions

The County contributed \$70,000 and \$75,000 of proprietary revenues to the Authority for the years ended December 31, 2017 and 2016, respectively. The City contributed \$70,000 and \$75,000 of proprietary revenues to the Authority for the years ended December 31, 2017 and 2016, respectively. The City and County are not required to make annual contributions to the Authority.

The Authority received a \$400,000 grant from the City during the year ended December 31, 2016. The source of funds for the grant was \$300,000 from the Community Housing Fund and \$100,000 from the Steamboat Springs-Routt County Affordable Housing Fund. The purpose of the grant was to loan the funds to OPG Steamboat Springs Partners, LLC to construct The Reserves project.

In April 2016, the Authority entered into an \$800,000 promissory note, including proceeds from the \$400,000 grant from the City, with OPG Steamboat Springs Partners, LLC. The note accrues 5% per annum simple interest on the outstanding principal balance. Principal and accrued interest due to the Authority as of December 31, 2017 and 2016 was \$868,087 and \$828,087, respectively. The first annual interest only payment of \$8,000 is due 31 months from the date of the note then principal and interest is payable annually from available cash flow from The Reserves project's operations.

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 has verbally increased the amount of available funds in the program to \$200,000.

The Authority earned \$120,000 and \$30,000 of development fees from OPG Steamboat Springs Partners, LLC during the years ended December 31, 2017 and 2016, respectively.

Retirement Plan

The Authority's employees can participate in a 457 deferred compensation plan administered by the ICMA Retirement Corporation. The Authority contributes 3% of employees' wages to the plan and the individual retirement accounts are self-directed and managed by the employees. All employees are fully vested immediately. The Authority's contributions to the plan were \$6,418 and \$4,772 for the years ended December 31, 2017 and 2016, respectively.

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 a member-owned self-insurance pool whose general objectives are to provide member municipalities' affordable defined property and liability and/or workers' compensation coverage and risk management services. CIRSA is financed by its members' annual contributions and interest earnings on those 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 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.

YAMPA VALLEY HOUSING AUTHORITY
Notes to Financial Statements
December 31, 2017
(with summarized financial information as of December 31, 2016 and for the year then ended)

Note 4: Other Information (continued)

Contingencies

Milly Levy

In November 2017, the Authority's voters approved a 1.0 mill levy increase in tax collection year 2018 for a ten year period through the 2027 tax collection year for land acquisition, planning, design, financing, construction and administration of housing developments serving seasonal, low income and entry level households. Voters also authorized the Authority to collect and spend proceeds of such taxes and investment earnings exempt from TABOR limitations.

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 12, 2018, the date these financial statements were available to be issued.

YAMPA VALLEY HOUSING AUTHORITY
General Administrative Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|--------------------|-------------------|-------------------|---------------------|
| Operating revenues: | | | | |
| Contributions | \$ 140,000 | \$ 140,000 | \$ 140,000 | \$ - |
| Management fees | 65,600 | 65,600 | 65,600 | - |
| Mortgage income | 19,300 | 19,300 | 19,091 | (209) |
| Interest | 200 | 200 | 159 | (41) |
| Other | - | - | 8,821 | 8,821 |
| Total operating revenues | <u>225,100</u> | <u>225,100</u> | <u>233,671</u> | <u>8,571</u> |
| Expenditures: | | | | |
| Wages and benefits | 146,900 | 146,900 | 140,101 | 6,799 |
| Contract labor | 15,000 | 15,000 | 16,717 | (1,717) |
| Professional fees | 7,500 | 7,500 | 11,210 | (3,710) |
| Office | 17,200 | 17,200 | 13,749 | 3,451 |
| Other | 12,400 | 18,509 | 23,332 | (4,823) |
| Total expenditures | <u>199,000</u> | <u>205,109</u> | <u>205,109</u> | <u>-</u> |
| Excess of operating revenues over expenditures | <u>26,100</u> | <u>19,991</u> | <u>28,562</u> | <u>8,571</u> |
| Non-operating revenues (expenses): | | | | |
| Transfers in | 2,000 | 2,000 | 2,000 | - |
| Transfers out | (28,100) | (28,100) | (150,000) | (121,900) |
| Net non-operating revenues (expenses) | <u>(26,100)</u> | <u>(26,100)</u> | <u>(148,000)</u> | <u>(121,900)</u> |
| Excess of operating revenues over expenditures and non-operating revenues (expenses) | - | (6,109) | (119,438) | <u>\$ (113,329)</u> |
| Reconciliation to US GAAP basis: | | | | |
| Mortgage principal payments received | | | <u>(19,091)</u> | |
| Change in fund net position - US GAAP basis | | | (138,529) | |
| Fund net position, beginning of year | <u>765,355</u> | <u>765,355</u> | <u>765,355</u> | |
| Fund net position, end of year | <u>\$ 765,355</u> | <u>\$ 759,246</u> | <u>\$ 626,826</u> | |

YAMPA VALLEY HOUSING AUTHORITY
Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---------------------|---------------------|---------------------|-------------------|
| Revenues: | | | | |
| Developer Fee | \$ 120,000 | \$ 120,000 | \$ 120,000 | \$ - |
| Interest | - | - | 42,363 | 42,363 |
| Total revenues | 120,000 | 120,000 | 162,363 | 42,363 |
| Expenditures: | | | | |
| Professional fees | - | 5,000 | 4,500 | 500 |
| Other | 400 | 400 | 320 | 80 |
| Capital outlay | - | 50,000 | - | 50,000 |
| Debt service: | | | | |
| Principal | 6,800 | 6,800 | 7,178 | (378) |
| Interest | 3,700 | 3,700 | 2,138 | 1,562 |
| Total expenditures | 10,900 | 65,900 | 14,136 | 51,764 |
| Excess of operating revenues over expenditures | 109,100 | 54,100 | 148,227 | (9,401) |
| Non-operating revenues (expenses): | | | | |
| Transfers | 28,100 | 28,100 | 150,000 | 121,900 |
| Net non-operating revenues (expenses) | 28,100 | 28,100 | 150,000 | 121,900 |
| Change in fund net position | 137,200 | 82,200 | 298,227 | <u>\$ 173,664</u> |
| Reconciliation to US GAAP basis: | | | | |
| Loan principal payments | | | 7,178 | |
| Change in fund net position - US GAAP basis | | | 305,405 | |
| Fund net position, beginning of year | 1,035,196 | 1,035,196 | 1,035,196 | |
| Fund net position, end of year | <u>\$ 1,172,396</u> | <u>\$ 1,117,396</u> | <u>\$ 1,340,601</u> | |

YAMPA VALLEY HOUSING AUTHORITY
Fish Creek Mobile Home Park Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|--|---------------------|---------------------|---------------------|-------------------|
| Revenues: | | | | |
| Rents | \$ 374,040 | \$ 374,040 | \$ 364,995 | \$ (9,045) |
| Interest | 400 | 400 | 1,793 | 1,393 |
| Other | 200 | 200 | 288 | 88 |
| Total revenues | <u>374,640</u> | <u>374,640</u> | <u>367,076</u> | <u>(7,564)</u> |
| Expenditures: | | | | |
| Wages and benefits | 10,300 | 10,300 | 7,514 | 2,786 |
| Management fee | 32,000 | 32,000 | 32,000 | - |
| Utilities | 40,500 | 40,500 | 43,783 | (3,283) |
| Repairs and maintenance | 2,000 | 11,944 | 10,374 | 1,570 |
| Snow removal | 13,000 | 13,000 | 11,854 | 1,146 |
| Professional fees | 5,500 | 5,500 | 7,095 | (1,595) |
| Railroad license | 6,300 | 6,300 | 6,230 | 70 |
| Other | 8,050 | 8,050 | 10,189 | (2,139) |
| Capital outlay | 16,000 | 36,000 | 34,650 | 1,350 |
| Debt service: | | | | |
| Principal | 124,000 | 124,000 | 123,913 | 87 |
| Interest | 83,800 | 83,800 | 83,792 | 8 |
| Total expenditures | <u>341,450</u> | <u>371,394</u> | <u>371,394</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | 33,190 | 3,246 | (4,318) | <u>\$ (7,564)</u> |
| Reconciliation to US GAAP basis: | | | | |
| Loan principal payments | | | 123,913 | |
| Capitalized expenditures | | | 34,650 | |
| Depreciation | | | <u>(34,224)</u> | |
| Change in fund net position - US GAAP basis | | | 120,021 | |
| Fund net position, beginning of year | <u>1,700,473</u> | <u>1,700,473</u> | <u>1,700,473</u> | |
| Fund net position, end of year | <u>\$ 1,733,663</u> | <u>\$ 1,703,719</u> | <u>\$ 1,820,494</u> | |

YAMPA VALLEY HOUSING AUTHORITY
Hillside Village Apartments Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|--|--------------------|-------------------|-------------------|------------------|
| Revenues: | | | | |
| Rents | \$ 391,392 | \$ 391,392 | \$ 408,519 | \$ 17,127 |
| Interest | 150 | 150 | 113 | (37) |
| Other | 11,400 | 11,400 | 10,734 | (666) |
| Total revenues | <u>402,942</u> | <u>402,942</u> | <u>419,366</u> | <u>16,424</u> |
| Expenditures: | | | | |
| Operating and maintenance: | | | | |
| Wages and benefits | 47,300 | 47,300 | 50,041 | (2,741) |
| Maintenance and repairs | 27,000 | 27,000 | 20,577 | 6,423 |
| Snow removal | 20,000 | 20,000 | 9,842 | 10,158 |
| Capital outlay | 47,000 | 224,300 | 218,030 | 6,270 |
| Other | 20,000 | 20,000 | 6,006 | 13,994 |
| Utilities | 64,100 | 64,100 | 72,495 | (8,395) |
| Administrative: | | | | |
| Wages and benefits | 69,800 | 69,800 | 68,355 | 1,445 |
| Management fee | 33,600 | 33,600 | 33,600 | - |
| Manager unit rent | 8,268 | 8,268 | 8,268 | - |
| Professional fees | 7,100 | 7,100 | 4,648 | 2,452 |
| Other | 18,000 | 18,000 | 17,967 | 33 |
| Taxes and insurance | 14,000 | 14,000 | 14,000 | - |
| Debt service: | | | | |
| Principal | 6,490 | 6,490 | 6,490 | - |
| Interest | 23,474 | 23,474 | 23,474 | - |
| Total expenditures | <u>406,132</u> | <u>583,432</u> | <u>553,793</u> | <u>29,639</u> |
| Excess (deficiency) of revenues over expenditures | (3,190) | (180,490) | (134,427) | <u>\$ 46,063</u> |
| Reconciliation to US GAAP basis: | | | | |
| Loan principal payments | | | 6,490 | |
| Capitalized expenditures | | | 218,030 | |
| Depreciation expense | | | <u>(107,450)</u> | |
| Change in fund net position - US GAAP basis | | | (17,357) | |
| Fund net position, beginning of year | <u>910,235</u> | <u>910,235</u> | <u>910,235</u> | |
| Fund net position, end of year | <u>\$ 907,045</u> | <u>\$ 729,745</u> | <u>\$ 892,878</u> | |

YAMPA VALLEY HOUSING AUTHORITY
Down Payment Loan Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2017

| | Original and Final Budget | Actual | Variance |
|---|---------------------------------|-------------------|------------------|
| Revenues: | | | |
| Principal repayments | \$ 15,911 | \$ 29,779 | \$ 13,868 |
| Interest earned | 3,652 | 4,486 | 834 |
| Other | 100 | - | (100) |
| Total revenues | <u>19,663</u> | <u>34,265</u> | <u>14,602</u> |
| Expenditures: | | | |
| Direct assistance | 15,000 | - | 15,000 |
| Administrative | <u>2,600</u> | <u>2,512</u> | <u>88</u> |
| Total expenditures | <u>17,600</u> | <u>2,512</u> | <u>15,088</u> |
| Excess of operating revenues over expenditures | <u>2,063</u> | <u>31,753</u> | <u>29,690</u> |
| Non-operating revenues (expenses): | | | |
| Transfers out | <u>(2,000)</u> | <u>(2,000)</u> | <u>-</u> |
| Net non-operating revenues (expenses) | <u>(2,000)</u> | <u>(2,000)</u> | <u>-</u> |
| Excess of revenues over expenditures | 63 | 29,753 | <u>\$ 29,690</u> |
| Reconciliation to US GAAP basis: | | | |
| Principal repayments received for program loans | | (29,779) | |
| Provision for program loan losses | | <u>(17,782)</u> | |
| Change in fund net position - US GAAP basis | | (17,808) | |
| Fund net position, beginning of year | <u>525,824</u> | <u>525,824</u> | |
| Fund net position, end of year | <u>\$ 525,887</u> | <u>\$ 508,016</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, 2017, 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 12, 2018.

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 12, 2018
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, 2017. 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, 2017.

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.

Catterson + Company, P.C.

March 12, 2018
Steamboat Springs, Colorado

YAMPA VALLEY HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

| <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>\$ 1,132,636</u> (1) |
| Total USDA Direct Programs | | | <u>1,132,636</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,132,636</u> |

(1) Beginning loan balance on January 1, 2017.

YAMPA VALLEY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

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, 2017. 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, 2017

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 X no

Significant deficiency(ies) identified? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X 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 X no

Identification of major federal programs:

U.S. Department of Agriculture, Rural Rental Housing Loan Program CFDA Number 10.415

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X 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, 2017**

The Authority had no prior audit findings from the year ended December 31, 2016.

MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET

PART I - BALANCE SHEET

| | | |
|---|---|--|
| PROJECT NAME Hillside Village Apartments | BORROWER NAME Yampa Valley Housing Authority | BORROWER ID AND PROJECT NO. 2 3267333 013 |
|---|---|--|

| ASSETS | BEGINNING DATES> | CURRENT YEAR | PRIOR YEAR | COMMENTS |
|---|------------------|----------------------------------|----------------------------------|----------|
| | ENDING DATES> | (01-01-2017) (12-31-2017) | (01-01-2016) (12-31-2016) | |
| CURRENT ASSETS | | | | |
| 1. GENERAL OPERATING ACCOUNT | | 109,132.00 | \$82,684.00 | |
| 2. R.E. TAX & INSURANCE ACCOUNT | | 10,176.00 | 10,172.00 | |
| 3. RESERVE ACCOUNT | | 83,346.00 | 242,809.00 | |
| 4. SECURITY DEPOSIT ACCOUNT | | 23,023.00 | 23,086.00 | |
| 5. OTHER CASH (identify) | | | | |
| 6. OTHER (identify) | | | | |
| 7. TOTAL ACCOUNTS RECEIVABLE (Attach list) | | 520.00 | 2,030.00 | |
| ACCTS RCVBL 0-30 DAYS \$ 345.00 | | | 1,591.00 | |
| ACCTS RCVBL 30-60 DAYS \$ 116.00 | | | 122.00 | |
| ACCTS RCVBL 60-90 DAYS \$ 38.00 | | | 122.00 | |
| ACCTS RCVBL OVER 90 DAYS \$ 21.00 | | | 194.00 | |
| 8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS. | | | | |
| 9. INVENTORIES (supplies) | | () | () | |
| 10. PREPAYMENTS | | 0.00 | 0.00 | |
| 11. _____ | | | | |
| 12. TOTAL CURRENT ASSETS (Add 1 thru 11) | | 226,197.00 | 360,781.00 | |

| | | | | |
|---|--|------------------|------------------|--|
| FIXED ASSETS | | | | |
| 13. LAND | | 562,116.00 | 562,116.00 | |
| 14. BUILDINGS | | 2,863,279.00 | 2,524,081.00 | |
| 15. LESS: ACCUMULATED DEPRECIATION | | (1,619,156.00) | (1,503,904.00) | |
| 16. FURNITURE & EQUIPMENT | | 8,519.00 | 11,886.00 | |
| 17. LESS: ACCUMULATED DEPRECIATION | | () | () | |
| 18. _____ | | | | |
| 19. TOTAL FIXED ASSETS (Add 13 thru 18) | | \$1,814,758.00 | \$1,594,179.00 | |

| | | | | |
|---|--|----------------|----------------|--|
| OTHER ASSETS | | | | |
| 20. _____ | | | | |
| 21. TOTAL ASSETS (Add 12, 19, and 20) | | \$2,040,955.00 | \$1,954,960.00 | |

LIABILITIES AND OWNERS EQUITY

| | | | | |
|---|--|-------------|-------------|--|
| CURRENT LIABILITIES | | | | |
| 22. TOTAL ACCOUNTS PAYABLE (Attach list) | | \$0.00 | \$2,100.00 | |
| ACCTS PAYABLE 0-30 DAYS \$ | | | | |
| ACCTS PAYABLE 30-60 DAYS \$ | | | | |
| ACCTS PAYABLE 60-90 DAYS \$ | | | | |
| ACCTS PAYABLE OVER 90 DAYS \$ | | | | |
| 23. NOTES PAYABLE (Attach list) | | | | |
| 24. SECURITY DEPOSITS | | 21,931.00 | 23,086.00 | |
| 25. TOTAL CURRENT LIABILITIES (dd 22 thru 24) | | \$21,931.00 | \$25,186.00 | |

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

LONG-TERM LIABILITIES

| | | | |
|--|----------------|----------------|--|
| 22. NOTES PAYABLE RURAL DEVELOPMENT | \$1,126,146.00 | \$1,132,636.00 | |
| 23. OTHER (Identify) | | | |
| 24. TOTAL LONG-TERM LIABILITIES (Add 26 and 27) | 1,126,146.00 | 1,132,636.00 | |
| 25. TOTAL LIABILITIES (Add 25 and 28) | 1,148,077.00 | 1,157,822.00 | |
| 26. OWNER'S EQUITY (Net Worth) (21 minus 29) | (892,878.00) | (797,138.00) | |
| 27. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30) | \$2,040,955.00 | \$1,954,960.00 | |

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction any of department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

03-11-2017

(Date)

(Signature of Borrower or Borrower' Representative)
Executive Director, YHVA

(Title)

PART II - VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 1930-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by I license or certification is attached.

Position 3
**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

| | | | | | |
|--|---|---|--|--|---|
| PROJECT NAME Hillside Village Apartments | | BORROWER NAME Yampa Valley Housing Authority | | BORROWER ID AND PROJECT NO. 203267333 013 | |
| Loan/Transfer Amount \$ | | Note Rate Payment \$ | | IC Payment \$ | |
| Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly | Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing | Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH | Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input checked="" type="checkbox"/> Non-Profit | The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other _____ | |
| | | | | | <input checked="" type="checkbox"/> I hereby request 0 units of RA. Current number of RA units 0 |
| | | | | | Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual |

PART I-CASH FLOW STATEMENT

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | COMMENTS or (YTD) |
|--|-------------------|-------------------|--------------------|-------------------|
| BEGINNING DATES> | 01-01-2017 | 01-01-2017 | 01-01-2018 | |
| ENDING DATES> | 12-31-2017 | 12-31-2017 | 12-31-2018 | |
| OPERATIONAL CASH SOURCES | | | | |
| 1. RENTAL INCOME | 412,392.00 | 259,191.00 | 412,392.00 | |
| 2. RHS RENTAL ASSISTANCE RECEIVED | | 152,378.00 | | |
| 3. APPLICATION FEES RECEIVED | | 1,026.00 | | |
| 4. LAUNDRY AND VENDING | 4,500.00 | 5,421.00 | 4,500.00 | |
| 5. INTEREST INCOME | 150.00 | 113.00 | 150.00 | |
| 6. TENANT CHARGES | 6,500.00 | 3,959.00 | 6,500.00 | |
| 7. OTHER -PROJECT SOURCES | | 411.00 | | |
| 8. LESS (Vacancy and Contingency Allowance) | (21,000.00) | | (21,000.00) | |
| 9. LESS (Agency Approved Incentive Allowance) | () | | () | |
| 10. SUB-TOTAL [(1 thru 7) - (8 & 9)] | 402,542.00 | 422,499.00 | 402,542.00 | |
| NON-OPERATIONAL CASH SOURCES | | | | |
| 11. CASH-NON PROJECT | | | | |
| 12. AUTHORIZED LOAN (Non-RHS) | | | | |
| 13. TRANSFER FROM RESERVE | | 177,300.00 | | |
| 14. SUB-TOTAL (11 thru 13) | 0.00 | 177,300.00 | 0.00 | |
| 15. TOTAL CASH SOURCES (10+14) | 402,542.00 | 599,799.00 | 402,542.00 | |
| OPERATIONAL CASH USES | | | | |
| 16. TOTAL O&M EXPENSES (From Part II) | 353,080.00 | 515,560.00 | 365,400.00 | |
| 17. RHS DEBT PAYMENT | 29,964.00 | 29,964.00 | 29,964.00 | |
| 18. RHS PAYMENT (Overage) | | 11,401.00 | | |
| 19. RHS PAYMENT (Late Fee) | | | | |
| 20. REDUCTION IN PRIOR YEAR PAYABLES | | | | |
| 21. TENANT UTILITY PAYMENTS | | | | |
| 22. TRANSFER TO RESERVE | 17,781.00 | 17,781.00 | 17,781.00 | |
| 23. RETURN TO OWNER/NP ASSET MANAGEMENT FEE | | | | |
| 24. SUB-TOTAL (16 thru 23) | 400,825.00 | 574,706.00 | 413,145.00 | |
| NON-OPERATIONAL CASH USES | | | | |
| 25. AUTHORIZED DEBT PAYMENT (Non-RHS) | | | | |
| 26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6) | | | | |
| 27. MISCELLANEOUS | | | | |
| 28. SUB-TOTAL (25 thru 27) | 0.00 | 0.00 | 0.00 | |
| 29. TOTAL CASH USES (24+28) | 400,825.00 | 574,706.00 | 413,145.00 | |
| 30. NET CASH (DEFICIT) (15- 29) | 1,717.00 | 25,093.00 | (10,603.00) | |
| CASH BALANCE | | | | |
| 31. BEGINNING CASH BALANCE | 82,684.00 | 82,684.00 | 109,132.00 | |
| 32. ACCRUAL TO CASH ADJUSTMENT | | 1,355.00 | | |
| 33. ENDING CASH BALANCE (30+31+32) | 84,401.00 | 109,132.00 | 98,529.00 | |

According to the Paperwork Reduction Act of 1995, an agency may not conduct sponsor and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II-OPERATING AND MAINTENANCE EXPENSE SCHEDULE

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | COMMENTS or (YTD) |
|---|---------------------------|---------------|----------------------------|------------------------------|
| 1. MAINTENANCE AND REPAIRS PAYROLL | 43,300.00 | 50,040.00 | 56,000.00 | COLA |
| 2. MAINTENANCE AND REPAIRS SUPPLY | 15,000.00 | 14,973.00 | 15,000.00 | |
| 3. MAINTENANCE AND REPAIRS CONTRACT | 12,000.00 | 5,604.00 | 12,000.00 | |
| 4. PAINTING | 5,000.00 | 44.00 | 5,000.00 | |
| 5. SNOW REMOVAL | 20,000.00 | 9,842.00 | 20,000.00 | |
| 6. ELEVATOR MAINTENANCE/CONTRACT | | | | |
| 7. GROUNDS | 8,500.00 | 5,962.00 | 8,500.00 | landscaping |
| 8. SERVICES | 4,000.00 | 0.00 | 4,000.00 | |
| 9. ANNUAL CAPITAL BUDGET (From Part V- Operating) | 224,300.00 | 218,030.00 | 74,000.00 | Electric Meters |
| 10. OTHER OPERATING EXPENSES (Itemize) | 2,500.00 | 553.00 | 2,500.00 | Mileage |
| 11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) | 334,600.00 | 305,048.00 | 197,000.00 | |
| | | | | |
| 12. ELECTRICITY | | | | |
| 13. WATER | | | | |
| 14. SEWER | | | | |
| 15. FUEL (Oil/Coal/Gas) | | | | |
| 16. GARBAGE & TRASH REMOVAL | 14,000.00 | 11,879.00 | 14,000.00 | |
| 17. OTHER UTILITIES | | | | |
| 18. SUB-TOTAL UTILITIES (12 Thru 17) | 66,100.00 | 72,495.00 | 66,100.00 | |
| | | | | |
| 19. SITE MANAGEMENT PAYROLL | 39,500.00 | 42,419.00 | 41,500.00 | COLA |
| 20. MANAGEMENT FEE | 33,600.00 | 33,600.00 | 33,600.00 | |
| 21. PROJECT AUDITING EXPENSE | 4,500.00 | 4,500.00 | 4,500.00 | |
| 22. PROJECT BOOKKEEPING/ACCOUNTING | 1,600.00 | 0.00 | 1,600.00 | |
| 23. LEGAL EXPENSES | 1,000.00 | 148.00 | 1,000.00 | |
| 24. ADVERTISING | 1,000.00 | 502.00 | 1,000.00 | |
| 25. TELEPHONE & ANSWERING SERVICE | 3,000.00 | 3,612.00 | 3,000.00 | |
| 26. OFFICE SUPPLIES | 1,500.00 | 1,606.00 | 1,500.00 | |
| 27. OFFICE FURNITURE & EQUIPMENT | 500.00 | 1,760.00 | 500.00 | |
| 28. TRAINING EXPENSE | 1,500.00 | 988.00 | 1,500.00 | |
| 29. HEALTH INS. & OTHER EMP. BENEFITS | 19,000.00 | 15,617.00 | 21,800.00 | Health Ins. |
| 30. PAYROLL TAXES | 11,300.00 | 10,318.00 | 11,700.00 | |
| 31. WORKMAN'S COMPENSATION | 3,000.00 | 5,069.00 | 3,000.00 | |
| 32. OTHER ADMINISTRATIVE EXPENSES (Itemize) | 3,000.00 | 3,878.00 | 3,000.00 | |
| 33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) | 124,000.00 | 124,017.00 | 129,200.00 | |
| | | | | |
| 34. REAL ESTATE TAXES | | | | |
| 35. SPECIAL ASSESSMENTS | | | | |
| 36. OTHER TAXES, LICENSES& PERMITS | | | | |
| 37. PROPERTY& LIABILITY INSURANCE | 14,000.00 | 14,000.00 | 13,000.00 | |
| 38. FIDELITY COVERAGE INSURANCE | | | | |
| 39. OTHER INSURANCE | | | | |
| 40. SUB-TOTAL TAXES& INSURANCE (34 thru 39) | 14,000.00 | 14,000.00 | 13,000.00 | |
| | | | | |
| 41. TOTAL O&M EXPENSES (11 +18+33+40) | 538,700.00 | 515,560.00 | 405,300.00 | |

PART III-ACCOUNT BUDGETING/STATUS

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | COMMENTS or (YTD) |
|--|-------------------|----------------|--------------------|----------------------|
| RESERVE ACCOUNT: | | | | |
| 1. BEGINNING BALANCE | 242,809.00 | 242,809.00 | 84,809.00 | |
| 2. TRANSFER TO RESERVE | 17,781.00 | 17,837.00 | 17,781.00 | |
| TRANSFER FROM RESERVE | | | | |
| 3. OPERATING DEFICIT | | | | |
| 4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>) | | 177,300.00 | | Roof |
| 5. BUILDING & EQUIPMENT REPAIR | | | | |
| 6. OTHER NON-OPERATING EXPENSES | | | | |
| 7. TOTAL (3 thru 6) | (0.00) | (177,300.00) | (0.00) | |
| 8. ENDING BALANCE [(1 +2)-7] | 260,590.00 | 83,346.00 | 102,590.00 | |

GENERAL OPERATING ACCOUNT:*

| | | |
|-------------------------|------------|--|
| BEGINNING BALANCE | 82,684.00 | |
| ENDING BALANCE | 109,132.00 | |

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

| | | |
|-------------------------|-----------|--|
| BEGINNING BALANCE | 10,172.00 | |
| ENDING BALANCE | 10,176.00 | |

TENANT SECURITY DEPOSIT ACCOUNT:*

| | | |
|-------------------------|-----------|--|
| BEGINNING BALANCE | 23,086.00 | |
| ENDING BALANCE | 23,023.00 | |

(*Complete upon submission of actual expenses.)

| | | | |
|--|--|----------------------------------|-----------|
| NUMBER OF APPLICANTS ON THE WAITING LIST | | RESERVE ACCT. REQ. BALANCE | 70,614.00 |
| NUMBER OF APPLICANTS NEEDING RA | | AMOUNT AHEAD/BEHIND | 54,077.00 |