

BOULDER COUNTY HOUSING AUTHORITY
Boulder, Colorado

FINANCIAL STATEMENTS
December 31, 2011

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

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Independent Auditor's Report

Board of Directors
Boulder County Housing Authority
Boulder County, Colorado

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of Boulder County Housing Authority (the Authority), a component unit of Boulder County, Colorado, as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Boulder County Housing Authority as of December 31, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through xii be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit is conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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Greenwood Village, Colorado
July 20, 2012

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Management's Discussion and Analysis

December 31, 2011

As management of the Boulder County Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements.

Financial Highlights

The Authority's financial highlights for the year ended December 31, 2011 is as follows:

As a result of this year's operations, fund equity of the Authority increased to \$19,061,300, or 34% from 2010. Detail of these changes is shown under the Financial Analysis of the Authority section, which is summarized below:

- In 2011 the Authority purchased an additional four unit property located at 509 W. Geneseo in Lafayette, one of the four units will be designated as a HOME Assisted unit.
- In August 2011, Josephine Commons Development, Phase I, broke ground and construction continued through the remainder of the year. The 74-Unit Senior Housing project is due to open in August of 2012 and is forecasted to be fully leased in early 2013.
- The Authority incurred a capital contribution of \$1,846,368 for the Josephine Commons Development, located in Lafayette. This is in conjunction with other funding sources that include a tax credit partnership.

Overview of the Financial Statements

The annual financial report consists of three primary parts:

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

The Authority, a blended component unit of Boulder County, Colorado, is a public purpose financial enterprise and, therefore follows enterprise fund accounting. The financial statements are produced on the accrual basis of accounting. The statements include two blended component units of which the Authority is the sole owner. MFPH Acquisitions LLC and SFPH Acquisitions LLC were created to hold, manage and at a future date, sell the affordable housing units. These entities have separately issued financial statements.

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Additionally, the statements include a third component unit, Josephine Commons, LLC. Josephine Commons, LLC (the Corporation) is a Colorado limited liability company formed in 2011 and a legally separate entity from the Authority, and the County of Boulder, Colorado, a political subdivision organized in 1861 under the statutes of the State of Colorado. The majority interest of the Corporation is owned and controlled by private investors. While the Authority, through a separate LLC, is the manager of the Corporation, its powers are limited to those specifically authorized in the Corporation's Operating Agreement. Most significant transactions require approval of the investors. Accordingly, Josephine Commons, LLC, is a discretely presented component unit within the Authority's financial reporting entity.

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

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

Summary of Assets and Liabilities

(a) Boulder County Housing Authority

The \$2,926,409 increase in current assets is primarily due to a total increase in cash of \$1,661,186 and an increase in Due from Other Governments of \$784,071. In addition to the increase in cash, noncurrent assets increased \$2,227,770 which is related to \$2,487,928 of new notes receivable related to Josephine Commons, LLC. Total Assets increased \$ 5,154,179 in 2011.

Current liabilities increased \$569,047, which is related to an increase in deferred revenues of \$343,648 and an increase in Due to Primary Government of \$397,383. Noncurrent liabilities decreased \$246,443 as annual bond payments were made. Fund Equity increased \$4,831,573 in 2011.

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Boulder County Housing Authority

Summary of Assets and Liabilities

Assets	2011	2010	Change
	<u> </u>	<u> </u>	<u> </u>
Total current assets	\$ 9,821,133	\$ 6,894,724	\$ 2,926,409
 Noncurrent assets			
Capital assets, net of accumulated depreciation	22,697,955	23,064,685	(366,730)
Deferred debt financing costs, net of amortization	693,502	729,470	(35,968)
Investment in Josephine Commons	86,400	-	86,400
Notes receivable	4,514,924	2,042,778	2,472,146
Accrued interest receivable	349,505	277,583	71,922
Agreements receivable	195,152	195,152	-
Total noncurrent assets	<u>28,537,438</u>	<u>26,309,668</u>	<u>2,227,770</u>
Total assets	<u>\$ 38,358,571</u>	<u>\$ 33,204,392</u>	<u>\$ 5,154,179</u>
 Liabilities and Fund Equity			
Total current liabilities	<u>\$ 3,182,199</u>	<u>\$ 2,613,152</u>	<u>\$ 569,047</u>
 Noncurrent assets			
Mortgages and notes payable	3,417,091	3,325,915	91,176
Bonds payable	12,530,000	12,880,000	(350,000)
Compensated absences	167,981	155,598	12,383
Total noncurrent liabilities	<u>16,115,072</u>	<u>16,361,513</u>	<u>(246,441)</u>
Total liabilities	<u>19,297,271</u>	<u>18,974,665</u>	<u>322,606</u>
 Fund equity:			
Invested in capital assets, net of related debt	6,241,881	6,434,780	(192,899)
Restricted	3,970,358	4,281,330	(310,972)
Unrestricted	8,849,061	3,513,617	5,335,444
Total fund equity	<u>19,061,300</u>	<u>14,229,727</u>	<u>4,831,573</u>
Total liabilities and fund equity	<u>\$ 38,358,571</u>	<u>\$ 33,204,392</u>	<u>\$ 5,154,179</u>

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(b) Josephine Commons

Josephine Commons, a 74-unit Senior Housing Project, broke ground in August of 2011. The \$5,761,676 increase in total assets stems from \$965,831 in current cash assets, and \$4,795,845 in noncurrent capital assets, the value of construction in progress as of December 31, 2011.

Current liabilities of \$1,145,805 are composed of \$710,515 of accounts payable and amounts due to BCHA. Noncurrent liabilities of \$2,769,503 is the value of the new Notes Payable and the developer fee payable. Total fund equity is \$1,846,368 as of December 31, 2011. Details of the notes payable can be found in the footnotes to the Financial Statements.

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December 31, 2011

Josephine Commons

Summary of Assets and Liabilities

Assets	2011	2010	Change
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Total current assets	\$ 965,831	\$ -	\$ 965,831
Noncurrent assets			
Capital assets, net of accumulated depreciation	4,533,509	-	4,533,509
Deferred debt financing costs, net of amortization	<u>262,336</u>	<u>-</u>	<u>262,336</u>
Total noncurrent assets	<u>4,795,845</u>	<u>-</u>	<u>4,795,845</u>
Total assets	<u><u>\$ 5,761,676</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,761,676</u></u>
Liabilities and Fund Equity			
Total current liabilities	<u>\$ 1,145,805</u>	<u>\$ -</u>	<u>\$ 1,145,805</u>
Noncurrent assets			
Mortgages and notes payable	2,487,928	-	2,487,928
Developer fee payable	<u>281,575</u>	<u>-</u>	<u>281,575</u>
Total noncurrent liabilities	<u>2,769,503</u>	<u>-</u>	<u>2,769,503</u>
Total liabilities	<u>3,915,308</u>	<u>-</u>	<u>3,915,308</u>
Fund equity:			
Invested in capital assets, net of related debt	1,764,006	-	1,764,006
Restricted	<u>82,362</u>	<u>-</u>	<u>82,362</u>
Total fund equity	<u>1,846,368</u>	<u>-</u>	<u>1,846,368</u>
Total liabilities and fund equity	<u><u>\$ 5,761,676</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,761,676</u></u>

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Summary of Revenues, Expenses and Changes in Fund Equity

(a) Boulder County Housing Authority

Total net operating income increased \$379,555, due to an increase in other revenues of \$302,121 which consisted primarily of utility refunds as part of the weatherization program. Tenant rental income had a slight increase of \$86,237 due to improved utilization, with an average occupancy rate of 97.8% compared to 97% in 2010. There were no rent increases initiated in 2011.

Total operating expenses increased 2.5% to \$9,808,289, with the largest increase in direct client expenses of \$200,160.

Nonoperating revenues and expenses were \$(226,022) a decrease of \$352,206 or 53%. This significant change is due to a decrease in HUD housing assistance of \$(147,530) and a decrease of \$(108,949) in management fee income combined with an increase in housing assistance payments of \$72,617.

There was a decrease in change in fund equity before capital contributions and transfers of \$(352,206). However, the ending fund equity of \$19,061,300 is a result of transfers in from primary government of \$4,042,500.

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Boulder County Housing Authority

Summary of Revenues, Expenses and Changes in Fund Equity

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Operating revenues			
Tenant rental income	\$ 1,501,248	\$ 1,415,011	\$ 86,237
Rental subsidies	1,434,886	1,427,917	6,969
Federal operating grants	6,416,210	6,225,362	190,848
Other operating grants	14,625	221,245	(206,620)
Other	853,915	551,794	302,121
Total operating revenues	<u>10,220,884</u>	<u>9,841,329</u>	<u>379,555</u>
Administrative	2,426,236	2,478,235	(51,999)
Direct client expenses	908,568	708,408	200,160
Utilities	246,527	235,110	11,417
Maintenance and weatherization	5,056,473	5,030,040	26,433
General operating	438,495	401,270	37,225
Depreciation	731,990	719,329	12,661
Total operating expenses	<u>9,808,289</u>	<u>9,572,392</u>	<u>235,897</u>
Operating income (loss)	<u>412,595</u>	<u>268,937</u>	<u>143,658</u>
Nonoperating revenues (expenses)			
HUD housing assistance payment income	6,270,825	6,418,355	(147,530)
Management and maintenance fees	339,792	448,741	(108,949)
Interest income	13,243	13,978	(735)
Deferred interest Eagle Place	71,923	85,008	(13,085)
Housing assistance payments	(6,102,564)	(6,029,947)	(72,617)
Interest expense, bonds and notes	(796,397)	(777,984)	(18,413)
Amortization of deferred debt financing costs	(35,968)	(35,966)	(2)
Gain on equipment disposal	13,124	3,999	9,125
Total nonoperating revenue, net	<u>(226,022)</u>	<u>126,184</u>	<u>(352,206)</u>
Change in fund equity before capital contributions and transfers	186,573	395,121	(208,548)
Federal capital grants	602,500	325,189	277,311
Capital contribution from primary	-	115,026	(115,026)
Transfers in from primary government	4,042,500	292,087	3,750,413
Transfers from component units	-	152,433	(152,433)
Transfers to primary government	-	(383,410)	383,410
Change in fund equity	<u>4,831,573</u>	<u>896,446</u>	<u>3,935,127</u>
Fund equity, beginning of year	<u>14,229,727</u>	<u>13,333,281</u>	<u>896,446</u>
Fund equity, end of year	<u>\$ 19,061,300</u>	<u>\$ 14,229,727</u>	<u>\$ 4,831,573</u>

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(b) Josephine Commons

In 2011, all Josephine Commons financial activity is related to the construction phase of the project. The \$1,846,368 capital contributions were to support the construction activities in 2011.

Capital Assets

(a) Boulder County Housing Authority

The Authority's Capital Assets (net of accumulated depreciation) equal \$22,697,955 and \$23,064,685 at December 31, 2011 and 2010, respectively. The change of \$88,600 in land and \$194,834 in Buildings and Improvements are due to the purchase of 509 W. Geneseo in Lafayette. Overall there was a decrease of \$366,730 in capital assets in 2011.

	Balance December 31, 2011	Balance December 31, 2010	Change
	<u> </u>	<u> </u>	<u> </u>
Nondepreciable assets:			
Land	\$ 4,682,017	\$ 4,593,417	\$ 88,600
Construction in process	1,029,365	1,009,262	20,103
Computer equipment/software	47,819	47,819	-
Furniture and fixtures	105,414	105,414	-
Buildings and improvements	24,876,461	24,681,627	194,834
Vehicles	860,939	862,557	(1,618)
Accumulated depreciation	(8,904,060)	(8,235,411)	(668,649)
Capital assets, net	<u>\$ 22,697,955</u>	<u>\$ 23,064,685</u>	<u>\$ (366,730)</u>

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Management's Discussion and Analysis

December 31, 2011

(b) Josephine Commons

The Josephine Commons' capital assets (net of accumulated depreciation) equal \$4,533,509 and \$0 at December 31, 2011 and 2010, respectively. This change is due to the construction of Josephine Commons.

	Balance December 31, 2011	Balance December 31, 2010	Change
Nondepreciable assets:			
Land	\$ 86,400	\$ -	\$ 86,400
Construction in process	4,447,109	-	4,447,109
Capital assets, net	<u>\$ 4,533,509</u>	<u>\$ -</u>	<u>\$ 4,533,509</u>

Long-Term Debt Administration

(a) Boulder County Housing Authority

The Authority's long-term debt equals \$16,456,074 and \$16,629,905 at December 31, 2011 and 2010, respectively. During 2011, there were only regular principal payments of \$426,107 and annual forgivable debt of \$3,124 which reduced total debt by \$429,231.

New debt issued in 2011 included a \$255,400 Line of Credit payable to Wells Fargo for the purchase of 509 West Geneseo.

	2011	2010	Change
Bonds payable	\$ 12,880,000	\$ 13,220,000	\$ (340,000)
Notes and mortgages payable	3,576,074	3,409,905	166,169
Total long-term debt	<u>\$ 16,456,074</u>	<u>\$ 16,629,905</u>	<u>\$ (173,831)</u>

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(b) Josephine Commons

Long-term debt for Josephine Commons, LLC equals \$2,487,928 at December 31, 2011 and was all new debt related to the construction of the project. Details can be found on the long-term debt schedule included in the notes to the financial statements.

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Notes and mortgages payable	\$ 2,487,928	\$ -	\$ 2,487,928
Total long-term debt	<u>\$ 2,487,928</u>	<u>\$ -</u>	<u>\$ 2,487,928</u>

Economic Factors and Next Year's Budget

Significant economic factors affecting the Authority are as follows:

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

These factors were taken into account when developing the budget for 2012.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Boulder County Housing Authority, Finance Department, PO Box 471, Boulder, CO 80306.

BOULDER COUNTY HOUSING AUTHORITY

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Balance Sheet
December 31, 2011

Assets	<u>Boulder County Housing Authority</u>	<u>Component Unit Josephine Commons</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 3,463,190	\$ -	\$ 3,463,190
Restricted cash – tenant security deposits	114,524	-	114,524
Restricted cash and cash equivalents – other	4,272,815	965,831	5,238,646
Accounts receivable – tenants, net	11,242	-	11,242
Accounts receivable – other	16,281	-	16,281
Prepaid expenses	304	-	304
Inventory	142,452	-	142,452
Notes receivable	19,857	-	19,857
Due from other governments	1,241,288	-	1,241,288
Due from primary government	224,797	-	224,797
Due from component units	314,383	-	314,383
Total current assets	<u>9,821,133</u>	<u>965,831</u>	<u>10,786,964</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	22,697,955	4,533,509	27,231,464
Deferred debt financing costs, net of amortization of \$385,524	693,502	262,336	955,838
Investment in Josephine Commons	86,400	-	86,400
Notes receivable	4,514,924	-	4,514,924
Accrued interest receivable	349,505	-	349,505
Agreements receivable	195,152	-	195,152
Total noncurrent assets	<u>28,537,438</u>	<u>4,795,845</u>	<u>33,333,283</u>
Total assets	<u>\$ 38,358,571</u>	<u>\$ 5,761,676</u>	<u>\$ 44,120,247</u>
Liabilities and Fund Equity			
Current liabilities:			
Accounts payable	\$ 751,432	\$ 710,515	\$ 1,461,947
Tenant prepaid rents	14,412	-	14,412
Notes and mortgages payable, current portion	158,983	-	158,983
Bonds payable, current portion	350,000	-	350,000
Compensated absences	13,872	-	13,872
Other accrued liabilities	143,290	120,907	264,197
Tenant security deposits	114,524	-	114,524
Deferred revenue	723,410	-	723,410
FSS escrow	74,120	-	74,120
Due to primary government	838,156	314,383	1,152,539
Total current liabilities	<u>3,182,199</u>	<u>1,145,805</u>	<u>4,328,004</u>
Noncurrent liabilities:			
Mortgages and notes payable	3,417,091	2,487,928	5,905,019
Bonds payable	12,530,000	-	12,530,000
Developer fee payable	-	281,575	281,575
Compensated absences	167,981	-	167,981
Total noncurrent liabilities	<u>16,115,072</u>	<u>2,769,503</u>	<u>18,884,575</u>
Total liabilities	<u>19,297,271</u>	<u>3,915,308</u>	<u>23,212,579</u>
Fund Equity:			
Invested in capital assets, net of related debt	6,241,881	1,764,006	8,005,887
Restricted	3,970,358	82,362	4,052,720
Unrestricted	8,849,061	-	8,849,061
Total fund equity	<u>19,061,300</u>	<u>1,846,368</u>	<u>20,907,668</u>
Total liabilities and fund equity	<u>\$ 38,358,571</u>	<u>\$ 5,761,676</u>	<u>\$ 44,120,247</u>

BOULDER COUNTY HOUSING AUTHORITY

(A Component Unit of Boulder County, Colorado)

Statement of Revenues, Expenses and Changes in Fund Equity Year Ended December 31, 2011

	Boulder County Housing Authority	Component Unit Josephine Commons	Total
Operating revenues			
Tenant rental income	\$ 1,501,248	\$ -	\$ 1,501,248
Rental subsidies	1,434,886	-	1,434,886
Federal operating grants	6,416,210	-	6,416,210
Other operating grants	14,625	-	14,625
Other	853,915	-	853,915
Total operating revenues	<u>10,220,884</u>	<u>-</u>	<u>10,220,884</u>
Administrative	2,426,236	-	2,426,236
Direct client expenses	908,568	-	908,568
Utilities	246,527	-	246,527
Maintenance and weatherization	5,056,473	-	5,056,473
General operating	438,495	-	438,495
Depreciation	731,990	-	731,990
Total operating expenses	<u>9,808,289</u>	<u>-</u>	<u>9,808,289</u>
Operating income	<u>412,595</u>	<u>-</u>	<u>412,595</u>
Nonoperating revenues (expenses)			
HUD housing assistance payment income	6,270,825	-	6,270,825
Management and maintenance fees	339,792	-	339,792
Interest income	13,243	-	13,243
Housing assistance payments	(6,102,564)	-	(6,102,564)
Interest expense, bonds and notes	(796,397)	-	(796,397)
Deferred interest Eagle Place	71,923	-	71,923
Amortization of deferred debt financing costs	(35,968)	-	(35,968)
Gain/loss on equipment disposal	13,124	-	13,124
Total nonoperating revenues (expenses)	<u>(226,022)</u>	<u>-</u>	<u>(226,022)</u>
Change in net assets before capital contributions and transfers	186,573	-	186,573
Federal capital grants	602,500	-	602,500
Capital contributions	-	1,846,368	1,846,368
Transfers from primary government	<u>4,042,500</u>	<u>-</u>	<u>4,042,500</u>
Change in fund equity	4,831,573	1,846,368	6,677,941
Fund equity, beginning of year	14,229,727	-	14,229,727
Fund equity, end of year	<u>\$ 19,061,300</u>	<u>\$ 1,846,368</u>	<u>\$ 20,907,668</u>

BOULDER COUNTY HOUSING AUTHORITY

(A Component Unit of Boulder County, Colorado)

Statement of Cash Flows Year Ended December 31, 2011

	Boulder County Housing Authority	Component Unit Josephine Commons	Total
Cash flows from operating activities			
Cash received from tenants and others	\$ 9,303,343	\$ -	\$ 9,303,343
Cash payments to employees	(4,400,306)	-	(4,400,306)
Cash payments to suppliers	(4,532,330)	-	(4,532,330)
Net cash provided by operating activities	<u>370,707</u>	<u>-</u>	<u>370,707</u>
Cash flows from noncapital financing activities			
Transfers in from primary government	4,042,500	-	4,042,500
Notes receivable issued	(2,543,011)	-	(2,543,011)
Principal payments on notes receivable	70,114	-	70,114
HUD housing assistance payment income	6,270,825	-	6,270,825
Management and maintenance fees	339,792	-	339,792
Housing assistance payments	(6,102,564)	-	(6,102,564)
Net cash provided by noncapital financing activities	<u>2,077,656</u>	<u>-</u>	<u>2,077,656</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(451,660)	(3,019,729)	(3,471,389)
Capital contributions	602,500	1,759,968	2,362,468
Mortgage issued	255,400	2,487,928	2,743,328
Deferred debt financing cost	-	(262,336)	(262,336)
Principal payments on notes, bonds and mortgages	(426,107)	-	(426,107)
Interest payments on notes, bonds and mortgages	(793,677)	-	(793,677)
Proceeds from sale of capital assets	13,124	-	13,124
Net cash provided by (used in) capital and related financing activities	<u>(800,420)</u>	<u>965,831</u>	<u>165,411</u>
Cash flows from investing activities			
Interest received	13,243	-	13,243
Net cash provided by investing activities	<u>13,243</u>	<u>-</u>	<u>13,243</u>
Net increase in cash and cash equivalents	1,661,186	965,831	2,627,017
Cash and cash equivalents, beginning of year	<u>6,189,343</u>	<u>-</u>	<u>6,189,343</u>
Cash and cash equivalents, end of year	<u>\$ 7,850,529</u>	<u>\$ 965,831</u>	<u>\$ 8,816,360</u>
Reconciliation of operating income to net cash provided by operating activities			
Net Income from operations	\$ 412,595	\$ -	\$ 412,595
Adjustments to reconcile net income from operations to net cash provided by in operating activities:			-
Depreciation	731,990	-	731,990
Loans forgiven	(3,124)	-	(3,124)
Decrease in accounts receivable	5,527	-	5,527
Increase in inventory	(5,359)	-	(5,359)
Decrease in prepaid expenses	2,755	-	2,755
Increase in due from other governments	(784,071)	-	(784,071)
Increase in due from primary government	(174,917)	-	(174,917)
Increase in due from component units	(307,229)	-	(307,229)
Decrease in accounts payable	(235,114)	-	(235,114)
Increase in tenant prepaid rents	2,778	-	2,778
Increase in compensated absences	18,161	-	18,161
Decrease in other accrued liabilities	(7,932)	-	(7,932)
Decrease in tenant security deposits	(153)	-	(153)
Increase in deferred revenue	343,648	-	343,648
Decrease in Family Self-Sufficiency escrow	(25,054)	-	(25,054)
Increase in due to primary government	396,206	-	396,206
Net cash provided by operating activities	<u>\$ 370,707</u>	<u>\$ -</u>	<u>\$ 370,707</u>

Noncash capital and related financing activity:

In 2011, Boulder County Housing Authority contributed land valued at \$86,400 to Josephine Commons

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(1) Summary of Significant Accounting Policies

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies of the Boulder County Housing Authority (the Authority) applied in the preparation of these financial statements follows.

(a) Reporting Entity

The Authority is a component unit of Boulder County (the County), a political subdivision organized in 1861 under the statutes of the State of Colorado. The governing body of the Authority is its Board of Directors (the Board). The Board is comprised of the three-member Board of County Commissioners for Boulder County. Each commissioner is elected at-large by the voters of the County and must reside in the district for which he or she is elected.

Operations of the Authority commenced in 1975. The Authority was created for the purpose of promoting and providing quality, affordable housing for lower-income families, older adults and individuals with disabilities. As such the County provides support to the Authority in the interest of providing affordable housing within the County.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, the definition of the financial reporting entity consists of:

- (a) the primary government
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Authority is included in the County's reporting entity because of the significance of its operational and financial relationship with the County in accordance with GASB Statement No. 14.

As the Authority's Board of Directors, the three Boulder County Commissioners are able to impose their will on the Authority. In addition, the County appropriates significant funds for the Authority's operations, which are accounted for in the County's general fund. Accordingly, Boulder County is financially accountable for the Authority and the Authority is fiscally dependent on Boulder County.

The Authority has considered the possibility of inclusion of additional entities in its financial statements. Financial accountability exists if the Authority appoints a voting majority of the organization's governing body and is able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

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Financial accountability may also exist if an organization is fiscally dependent on the Authority regardless of whether the organization has a separately elected governing board. Based on the application of these criteria, the Authority has three additional organizations within its reporting entity. MFPH Acquisitions LLC (MFPH) was created in April 2008 for the purpose of receiving certain affordable housing units from the Authority and will hold, manage and, at a future time determined by MFPH, sell the units through negotiated sale at fair market value. SFPH Acquisitions LLC (SFPH) was created in May 2008 for the purpose of receiving certain affordable housing units from the Authority and will hold, manage and at a future time determined by SFPH, sell the units at fair market value. The sole member of both corporations is the Boulder County Housing Authority, thus both SFPH Acquisitions LLC and MFPH Acquisitions LLC are blended component units within the Authority's financial reporting entity. Josephine Commons, LLC (the Corporation) was created in 2011 to hold and manage affordable senior housing units through a tax-credit partnership agreement with RSEP Holdings, LLC, a Delaware limited liability company. The Authority serves as the general partner in the Corporation with a .009% interest. Accordingly, the Corporation is a discretely presented component unit within the Authority's financial reporting entity.

The financial activities of the Authority are recorded in business units established in connection with the administration of the Authority's programs. Fund accounting is used internally to demonstrate legal compliance to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. These funds are combined into a single fund for financial reporting purposes.

Separately issued financial statements for the blended component units are available by request to Boulder County Housing Authority, Finance Department, PO Box 471, Boulder, CO 80306. The Corporation did not prepare separately issued financial statements for 2011.

(b) *Measurement Focus, Basis of Accounting, and Basis of Presentation*

The financial statements of the Authority are presented on the basis of the proprietary fund accounting concept.

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Revenue and expenses are recognized on an accrual basis. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are from rental operations, which include tenant rental income and rent subsidies. The Authority earns operating grants from federal government and other local agencies. These grants are used to fund specific staff positions in the Authority or are direct subsidies to a program or project. The Authority recognized other operating revenues, which include tenant charges such as laundry facility revenues, work order charges and late fees. Operating expenses consist of: administrative expenses, including administrative salaries, benefits and other administrative costs; direct client expenses; utilities; maintenance and weatherization, including maintenance and weatherization staff salaries and benefits, maintenance and

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weatherization contracts, related materials and non-capital equipment, and non-routine maintenance charges; general operating, including insurance, mileage, and vehicle maintenance; and depreciation.

All revenues and expenses not meeting the operational criteria are reported as non-operating revenues and expenses. Nonoperating revenues consist of: HUD housing assistance payment income for the Section 8 Housing Choice Voucher Program, management and maintenance fees from Louisville and Erie Housing Authorities and component units and interest revenue. Nonoperating expenses include: housing assistance payments for the Section 8 Housing Choice Voucher program; interest expense on notes and bonds, amortization of deferred debt financing costs and gains or losses on the disposal of property.

The Authority reports its financial statements following all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins. Proprietary funds are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989. The Authority has elected not to apply any applicable FASB pronouncements subsequent to November 30, 1989 in accounting and reporting for this enterprise fund.

(c) Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition.

(d) Restricted Cash

Restricted cash is comprised of amounts restricted for future replacements of capital assets or to be used for specific purposes. Specific purposes include amounts held for tenant security deposits, cash received for use in a specific federal program or cash held in the bond trust account for future debt service payments, insurance or taxes or operations of specified housing projects.

(e) Accounts Receivable

Revenues are recorded when earned and are reported as accounts receivable until collected. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for accounts that may not be collectible in the future. Receivables are reported net of the related allowance, which was \$1,834 as of December 31, 2011.

(f) Prepaid Expenses

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

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(g) Due from other Governments

The Authority provides property management, maintenance and accounting services for other governmental entities, including the Louisville Housing Authority and the Housing Authority for the Town of Erie. Management and maintenance fees are charged to these entities for the related services. The Authority also records reimbursable grants from other governments.

(h) Due from Primary Government

Due from primary government represents amounts receivable from Boulder County for federal grants to be reimbursed by the County.

(i) Capital Assets

Capital assets are recorded at historical cost or at estimated cost if actual historical cost is not available. Contributed assets are valued at estimated fair market value at the date of donation. The Authority defines capital assets as those with an initial, individual cost of \$5,000 or greater and a useful life of more than one year.

Depreciation of assets is computed using the straight-line method. Estimated useful lives for asset types are as follows:

Computer equipment and software	3 years
Furniture and fixtures	5 - 15 years
Buildings and improvements	10 - 45 years
Vehicles	5 years

(j) Deferred Debt Financing Costs

Costs of debt issuance are deferred and amortized over the life of the bond issue using the straight-line method over the term of the debt.

(k) Inventory

Inventory includes inventories on hand for maintenance performed at the Authority's rental properties and for the weatherization program. The Authority uses the LIFO (Last-In, First-Out) method for costing the inventory. The inventory is based on actual costs or estimated cost where actual cost was not readily available, of items on hand as of December 31, 2011.

(l) Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the balance sheet. Bond and other debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method. Deferred refunding gains (losses), if any, are amortized using the shorter of the term of either the new or old debt. Bonds and other debt premiums and discounts are presented separately; issuance costs are recorded as deferred charges.

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(m) *Compensated Absences*

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

(n) *Due to Primary Government*

Due to primary government represents amounts payable to Boulder County for operating expenses to be reimbursed by the Authority or amounts payable to the Authority to be reimbursed by Josephine Commons.

(o) *Restricted and Unrestricted Resources*

Application of restricted and unrestricted resources is made on a case-by-case basis by management, depending on the overall program resources. Generally, management applies restricted resources then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(p) *Risk Management*

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss. Insurance settlements have not exceeded insurance coverage for the past three years.

(q) *Use of Estimates*

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

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(2) Cash and Cash Equivalents

(a) Book Value of Cash and Cash Equivalents

As of December 31, 2011, the carrying amount of the Authority's cash and cash equivalents were \$8,816,360 as follows:

	<u>Authority</u>	<u>Josephine Commons</u>	<u>Total</u>
Unrestricted cash and cash equivalents	\$ 3,463,190	\$ -	\$ 3,463,190
Restricted cash - tenant security deposits	114,524	-	114,524
Restricted cash and cash equivalents - other	<u>4,272,815</u>	<u>965,831</u>	<u>5,238,646</u>
Total	<u>\$ 7,850,529</u>	<u>\$ 965,831</u>	<u>\$ 8,816,360</u>

(b) Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The fair market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. At December 31, 2011, the Authority's deposits had a carrying value of \$2,074,469, while Josephine Common's deposits had a carrying value of \$965,831.

(3) Investments

Authorized Investments

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

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

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

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain corporate bonds

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- . Written repurchase agreements collateralized by certain authorized securities
- . Certain reverse repurchase agreements
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2011, investments held by the Authority are held in a money market mutual fund, local government investment pool, and a repurchase agreement totaling \$2,350,801, \$2,039,994 and \$1,385,265 respectively. The weighted average maturities are less than one year.

Credit Risk

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

At December 31, 2011, the Authority had \$2,039,994 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pools surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00.

(4) Restricted Cash and Cash Equivalents

The following amounts are restricted for future replacements or specific purposes as indicated:

1998 Revenue Bond Reserves	\$	782,198
2004 Revenue Bond Reserves		1,462,474
FSS Escrow		74,120
Housing Choice Vouchers		687,520
Prime Haven		35,493
Casa Esperanza		245,589
Walter Self		89,123
Weatherization		281,178
Component Unit Escrow		145,000
Revolving Loan Fund		124,090
Financial Education Course Reserve		346,030
The Authority	\$	<u>4,272,815</u>
Josephine Commons Construction	\$	<u>965,831</u>

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Cash held for tenant security deposits is restricted in the amount of \$114,524 with an offsetting liability for tenant security deposits in the same amount. Of the \$4,272,815 restricted cash and cash equivalents above, \$3,970,358 has also been reported as restricted fund equity for that portion that has not been offset by related liabilities.

Cash for the Josephine Commons construction project is restricted, in the amount of \$965,831, and is to be used for future construction cost associated with this project.

(5) Notes Receivable and Tenant Accounts Receivable

The Authority holds a second mortgage on four houses built through the Youthbuild program which accrues interest at a below-market interest rate and are payable upon sale by the owners. The balance on the four notes at December 31, 2011 totals \$165,996 including capitalized interest receivable of \$64,596.

The Authority holds a note to the Eagle Place Partners, LLLP in the amount of \$1,000,000. Interest accrues at 5% per annum on the outstanding principal. The covenants of the note require Eagle Place Partners, LLLP to provide affordable units to households whose income is equal to or less than 60% of the listed area median income (AMI). Accrued interest receivable at December 31, 2011 equals \$290,233. Accrued interest and principal payments are subject to cash flow distributions in the partnership agreement. No accrued interest payments were made during the year.

The Authority holds a second note to the Eagle Place Partners, LLLP in the amount of \$559,000. Interest accrues at 3% per annum on the outstanding principal. The covenants of the note require Eagle Place Partners, LLLP to provide affordable units to households whose income is equal to or less than 60% of the listed area median income (AMI). Accrued interest receivable at December 31, 2011 equals \$59,273. Accrued interest and principal payments are subject to cash flow distributions in the partnership agreement. No accrued interest payments were made during the year.

The Authority holds 36 notes for the Boulder County Rehabilitation Program. The amount of these notes receivable totals \$321,857 at December 31, 2011. These are notes issued to low-income residents of Boulder County who receive rehabilitation services on their home. Interest rates vary from 1 – 5%. Thirteen of the 36 notes are deferred and interest is capitalized annually.

The Authority holds \$2,487,928 notes receivable for the Josephine Commons project. See Note (7) (b) for detailed information on these notes.

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(6) Change in Capital Assets

(a) The Authority

Detailed information on property and equipment and the related accumulated depreciation for the Authority is displayed on the following table:

	Balance December 31, 2010	Additions	Transfers	Disposals	Balance December 31, 2011
The Authority:					
Nondepreciable assets:					
Land	\$ 4,593,417	\$ 175,000	\$ -	\$ (86,400)	\$ 4,682,017
Construction in process	1,009,262	20,103	-	-	1,029,365
Total capital assets, not being depreciated	<u>5,602,679</u>	<u>195,103</u>	<u>-</u>	<u>(86,400)</u>	<u>5,711,382</u>
Depreciable assets:					
Computer equipment/software	47,819	-	-	-	47,819
Furniture and fixtures	105,414	-	-	-	105,414
Buildings and improvements	24,681,627	194,834	-	-	24,876,461
Vehicles	862,557	61,723	-	(63,341)	860,939
Total buildings and equipment	<u>25,697,417</u>	<u>256,557</u>	<u>-</u>	<u>(63,341)</u>	<u>25,890,633</u>
Accumulated depreciation:					
Computer equipment/software	(47,819)	-	-	-	(47,819)
Furniture and fixtures	(51,187)	(514)	-	-	(51,701)
Buildings and improvements	(7,537,424)	(604,759)	-	-	(8,142,183)
Vehicles	(598,981)	(126,717)	-	63,341	(662,357)
Total accumulated depreciation	<u>(8,235,411)</u>	<u>(731,990)</u>	<u>-</u>	<u>63,341</u>	<u>(8,904,060)</u>
Total capital assets being depreciated	<u>17,462,006</u>	<u>(475,434)</u>	<u>-</u>	<u>-</u>	<u>16,986,573</u>
Total capital assets, net	<u>\$ 23,064,685</u>	<u>\$ (280,330)</u>	<u>\$ -</u>	<u>\$ (86,400)</u>	<u>\$ 22,697,955</u>

On December 31, 2011, the Authority owned a total of 353 rental units.

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(b) Josephine Commons

	Balance December 31, 2010	Additions	Transfers	Disposals	Balance December 31, 2011
Josephine Commons					
Nondepreciable assets:					
Land	\$ -	\$ 86,400	\$ -	\$ -	\$ 86,400
Construction in process	-	4,447,109	-	-	4,447,109
Total capital assets, net	<u>\$ -</u>	<u>\$ 4,533,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,533,509</u>

Josephine Commons was exclusively a construction project in 2011 and had no tenant rental experience during the year.

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(7) Long-Term Obligations

(a) The Authority

A summary of the Authority's long-term debt is displayed on the following table:

Project	Description	Maturity Date	Interest Rate	Balance				Balance December 31, 2011	Due within one year
				December 31, 2010	Principal Payments	Forgivable	Additions		
Primehaven	Rural Development	6/9/2038	9.00%	\$ 218,656	\$ 1,903	\$ -	\$ -	\$ 216,753	\$ 2,082
Walter Self	Rural Development	6/1/2036	6.75%	888,607	3,034	-	-	885,573	3,247
	Rural Development	6/1/2036	5.38%	146,990	772	-	-	146,218	816
	CHFA	6/1/2046	2.00%	646,191	12,628	-	-	633,563	12,983
Casa Vista	CHFA	8/1/2017	1.00%	25,257	3,860	-	-	21,397	3,877
Casa Esperanza	Rural Development	10/1/2026	1.00%	238,363	13,964	-	-	224,399	14,104
	Rural Development	10/1/2026	1.00%	52,213	3,058	-	-	49,155	3,090
	Rural Development	5/1/2041	1.00%	93,525	2,643	-	-	90,882	2,671
Longmont Affordable	FHLB Forgivable	10/26/2014	0.00%	20,000	-	-	-	20,000	-
Mariposa	FHLB Forgivable	4/11/2015	0.00%	50,000	-	-	-	50,000	-
Lafayette Affordable	FHLB Forgivable	10/26/2014	0.00%	20,000	-	-	-	20,000	-
Sumner	Heritage	1/10/2016	5.20%	406,484	19,348	-	-	387,136	20,205
Eagle Place	FHLB Forgivable	12/20/2012	0.00%	60,000	-	-	-	60,000	60,000
Cottonwood	City of Longmont Forgivable	7/31/2016	0.00%	8,399	-	1,399	-	7,000	1,400
	City of Longmont Forgivable	8/1/2020	2.00%	123,607	11,819	-	-	111,788	11,180
Wedgewood	City of Longmont Forgivable	1/31/2016	0.00%	2,598	-	433	-	2,165	433
	City of Longmont Forgivable	1/31/2016	0.00%	7,752	-	1,292	-	6,460	1,292
Regal Ct I	FHLB Forgivable	12/31/2013	0.00%	150,000	-	-	-	150,000	-
507 W. Geneseo	Wells Fargo LOC	4/28/2013	5.00%	251,263	8,101	-	-	243,162	7,499
509 W. Geneseo	Wells Fargo LOC	3/28/2014	5.00%	-	4,977	-	255,400	250,423	14,104
	Total Notes and Mortgages Payable			3,409,905	86,107	3,124	255,400	3,576,074	158,983
	Housing Revenue Bonds - Series 1998	12/31/2028	variable, 4.30% current	3,935,000	145,000	-	-	3,790,000	\$ 150,000
	Housing Revenue Bonds - Series 2004	12/1/2034	variable, 3.25% current	9,285,000	195,000	-	-	9,090,000	\$ 200,000
	Total bonds payable			13,220,000	340,000	-	-	12,880,000	350,000
	Total long-term debt			\$ 16,629,905	\$ 426,107	\$ 3,124	\$ 255,400	\$ 16,456,074	\$ 508,983

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Forgivable Loans

(a) The Authority

Forgivable loans issued and monitored by the Federal Home Loan Bank of Topeka are loans that are issued under the Affordable Housing Program. These loans require the Authority to rent these project units to households with incomes at or below 50% of the area median income. Yearly compliance monitoring is done by FHLB to ensure these projects meet these requirements. The retention periods of the loans are 15 years and the total amount will be forgiven upon completion.

Forgivable loans issued and monitored by the City of Longmont require the Authority to rent these project units to households with incomes at or below 50% of the area median income. Yearly compliance monitoring is done by the City of Longmont to ensure these projects meet these requirements. The yearly principal due will be excused if the requirements are met.

Future principal and interest payments and maturities for the Authority's notes subsequent to December 31, 2011 are as follows:

	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 158,983	\$ 139,457
2013	479,437	128,785
2014	344,868	120,836
2015	135,298	117,848
2016	362,682	115,225
2017-2021	284,995	479,294
2022-2026	265,735	441,657
2027-2031	215,929	394,513
2032-2036	1,062,897	333,310
2037-2041	156,028	19,188
2042-2046	109,222	5,247
	<u>\$ 3,576,074</u>	<u>\$ 2,295,360</u>

The Authority has issued \$5,280,000 in Mortgage Revenue Bonds, series 1998. The proceeds of the bonds were used to refinance 125 housing units located throughout Boulder County. The bonds are payable from operating revenues generated by the 125 housing units. The bonds mature annually, beginning in 1999 with final payment in 2028. Interest at rates from 3.4% to 4.75% is payable semiannually.

The Authority has issued \$10,410,000 in Housing Revenue Bonds, series 2004. The proceeds are to be used to refinance and rehabilitate 106 housing units located throughout Boulder County. The bonds are payable from operating revenues generated by the 106 housing units. The bonds mature annually beginning in 2004 with final payment in 2034. Interest at rates from 1.50% to 5.25% is payable semiannually.

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The 2004 Housing Revenue bond covenants dictate that the Authority will promptly pay debt service solely from the project revenues of the 106 housing units refinanced in the bond. Further, the Authority will maintain each dwelling unit in decent, safe and sanitary condition. The Authority will operate the projects exclusively for eligible tenants and compliance with all federal rules and regulations which are or which may become applicable to the projects.

Future principal and interest payments and maturities for the Authority's bonds subsequent to December 31, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>
2012	\$ 350,000	\$ 629,786
2013	370,000	615,336
2014	385,000	599,656
2015	400,000	582,895
2016	420,000	565,143
2017-2021	2,445,000	2,512,768
2022-2026	3,120,000	1,866,980
2027-2031	2,965,000	1,061,638
2032-2034	2,425,000	293,738
	<u>\$ 12,880,000</u>	<u>\$ 8,727,940</u>

(b) Josephine Commons

A summary of Josephine Commons' long-term debt is displayed on the following table and a description follows:

LONG-TERM OBLIGATIONS

Notes Payable

Project	Description	Maturity Date	Interest Rate	Balance Dec 31, 2010	Principal Payments	Forgiveable	Additions	Balance	
								December 31, 2011	Due within one year
Josephine Commons	BCHA	8/12/2061	4.30%	\$ -	\$ -	\$ -	\$ 1,172,600	\$ 1,172,600	\$ -
Josephine Commons	BCHA	8/16/2110	7.00%				872,035	872,035	
Josephine Commons	BCHA	8/12/2061	0.50%	-	-	-	443,293	443,293	-
	Total Notes and Mortgages Payable			\$ -	\$ -	\$ -	\$ 2,487,928	\$ 2,487,928	\$ -

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On August 12, 2011, the Authority loaned \$550,000 (less \$27,400 in retainage) to the Corporation as evidenced by a loan agreement, promissory note, and deed of trust. The balance on this debt accrues interest at a rate of 4.3% per annum, and is payable from cash flow as provided by the Corporation's Operating Agreement. This loan is secured by the Corporation's real property known as the Josephine Commons development, and is subordinate to the construction loan from Citibank which is funding the development of that property. No payments have been made on this note in 2011.

On August 12, 2011, the Authority loaned \$250,000 to the Corporation as evidenced by a loan agreement, promissory note, and deed of trust. The balance of this debt accrues interest at a rate of 4.3% per annum, and is payable from cash flow as provided by the Corporation's Operating Agreement. This loan is secured by the Corporation's real property known as the Josephine Commons development, and is subordinate to the construction loan from Citibank which is funding the development of that property. No payments have been made on this note in 2011.

On August 12, 2011, having applied for and received an award of \$400,000 from Boulder County's Worthy Cause Program, the Authority loaned \$400,000 to the Corporation as evidenced by loan agreements, promissory notes, and deeds of trust. The balance on this debt accrues interest at a rate of 4.3% per annum, and is payable from cash flow as provided by the Corporation's Operating Agreement. These loans are secured by the Corporation's real property known as the Josephine Commons development, and are subordinate to the construction loan from Citibank which is funding the development of that property. No payments have been made on this note in 2011.

On August 16, 2011, having applied for and received an award of \$872,035 from Boulder County's Worthy Cause Program, the Authority loaned \$872,035 to the Corporation as evidenced by loan agreements, promissory notes, and deeds of trust. The balance on this debt accrues interest at a rate of 7% per annum, and is payable from cash flow as provided by the Corporation's Operating Agreement. These loans are secured by the Corporation's real property known as the Josephine Commons development, and are subordinate to the construction loan from Citibank which is funding the development of that property. No payments have been made on this note in 2011.

On August 12, 2011, the Authority loaned \$443,293 to the Corporation as evidenced by a promissory note. The balance on this debt accrues interest at a rate of 0.5% per annum beginning when the units are fully occupied which is anticipated to be March of 2013, and is payable from cash flow as provided by the Corporation's Operating Agreement. No payments have been made on this note in 2011.

Future principal and interest payments and maturities for Josephine Commons' notes subsequent to December 31, 2011 are as follows:

	Notes	
	Payable	
	Principal	Interest
	<hr/>	<hr/>
2061	\$ 1,615,893	\$ 2,692,739
2110	872,035	6,047,216
	<hr/>	<hr/>
	\$ 2,487,928	\$ 8,739,955
	<hr/>	<hr/>

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Notes to Basic Financial Statements

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(c) Changes in Compensated Absences

A summary of the Authority's compensated absences activity for the year ended December 31, 2011 is presented below:

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due in One Year
Compensated absences	\$ 163,692	\$ 242,688	\$ 224,527	\$ 181,853	\$ 13,872

(8) Transactions with Component Units

The Operating agreements of MFPH Acquisitions LLC and SFPH Acquisitions LLC allow for distributions of net cash flow to be distributed to the Authority at manager's discretion. During the year, the Authority received \$372,666 and \$80,816 from MFPH and SFPH respectively as a result of net cash flow. Amounts due from MFPH and SFPH at December 31, 2011 equal \$5,977.

The Management agreement of Josephine Commons, LLC allows for the payment of management fees out of the operating account. Because the Development is under construction and not yet occupied, the Corporation did not pay fees under this agreement. As of December 31, 2011, the Corporation owed \$314,383 to the Authority.

Under the Development agreement of Josephine Commons, LLC, entered into with the Authority on or around August 1, 2011, the Corporation appointed the Authority as the developer responsible for the supervision and oversight of the Josephine Commons development. Under the terms of this development Agreement, the Corporation is obligated to pay the Authority a development fee in the aggregate amount of \$1,351,067, with \$709,619 being due during the course of development and the remaining \$641,448 being payable from net cash flow as provided in the Corporation's Operating Agreement. Fees in the amount of \$281,575 were accrued to the Authority under the Development Agreement in 2011.

(9) Pension Plan

(a) Defined Benefit Pension Plan

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

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The Authority is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 percent and for the Authority it is 10.00 percent of covered salary. A portion of the Authority's contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (See Note below). The Authority is also required to pay an amortization equalization disbursement (AED) equal to 2.20 percent of the total payroll for the calendar year 2011 (2.20 percent of total payroll for the calendar year 2010, and 1.80 percent of total payroll for the calendar year 2009). Additionally, the Authority is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50 percent of the total payroll for the calendar year 2011 (1.50 percent of total payroll for the calendar year 2010 and 1.00 percent of total payroll for calendar year 2009). If the Authority rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however no member contributions are required. For the years ending December 31, 2009, 2010, and 2011, the Authority's employer contributions to the LGDTF were \$284,028, \$443,770, and \$482,473 respectively, equal to their required contributions for each year. Plan member contributions were \$177,518, \$259,067 and \$281,736 for the same period.

(b) Post employment Healthcare Benefits

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

The Authority is required to contribute at a rate of 1.02 percent of covered salary for all PERA member as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The Authority's total contribution to the HCTF is included in the contribution to LGDTF noted above.

(c) Defined Contribution Pension Plan

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

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The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for the calendar year 2010 and \$17,000 for the calendar year 2011). Catch-up contributions up to \$5,500 for the calendar year 2010 and \$5,500 for the calendar year 2011 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the Authority are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the year ended December 31, 2010, and 2011, the 401(k) Plan member contributions from the Authority were \$50,402 and \$45,049, respectively.

(10) Commitments and Contingencies

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government.

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, known as the TABOR Amendment, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. To the extent the Authority may be construed as a local government within the meaning of the TABOR Amendment, the percentage of direct subsidies and other contributions from the State of Colorado and local governments, relative to the Authority's annual revenue, is below the thresholds set forth in the TABOR Amendment, allowing the Authority to be classified as an enterprise fund.

The Authority serves as Administrative Limited Partner in the Eagle Place Limited Liability Partnership (the Partnership). The purpose of the Partnership is to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of the Partnership Agreement. The Authority has .005% interest in the profits and losses of the partnership.

In August 2011, Josephine Commons, LLC entered into a loan agreement with a bank for a construction loan of up to \$11,925,000. No amounts had been drawn on this loan as of December 31, 2011.

BOULDER COUNTY HOUSING AUTHORITY
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Notes to Basic Financial Statements

December 31, 2011

(11) Net Assets

As of December 31, 2011, the Authority had an investment in capital assets, net of related debt calculated as follows:

	<u>The Authority</u>	<u>Josephine Commons</u>	<u>Total</u>
Capital assets - net of accumulated depreciation	<u>\$ 22,697,955</u>	<u>\$ 4,533,509</u>	<u>\$ 27,231,464</u>
Current portion of mortgages and notes payable	(158,983)	-	(158,983)
Current portion of bonds payable	(350,000)	-	(350,000)
Long-term portion of mortgages and notes payable	(3,417,091)	(2,487,928)	(5,905,019)
Long-term portion of bonds payable	(12,530,000)	-	(12,530,000)
Developer fee payable	-	(281,575)	(281,575)
Outstanding principal of related debt	<u>(16,456,074)</u>	<u>(2,769,503)</u>	<u>(19,225,577)</u>
 Total capital assets, net	 <u><u>\$ 6,241,881</u></u>	 <u><u>\$ 1,764,006</u></u>	 <u><u>\$ 8,005,887</u></u>

SUPPLEMENTARY INFORMATION

BOULDER COUNTY HOUSING AUTHORITY
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		Financial Data Schedule									
		Fiscal Year 2011									
		Farm									
		Labor	Housing	N/C S/R	Housing	HOME	Community			Temporary	FEC Pilot
		Housing	Counseling	Section 8	Choice	Investment	Development			Assistance	Program
		Loans and	Assistance	Programs	Vouchers	Partnerships	Block			for Needy	Program
Line Item No.	Description	Business Activities	Grants	Program	Programs		Grants/Entitle	ment Grants	HPRP	Families	
	Balance Sheet										
111	Cash-unrestricted	3,203,381	11,011	0	0	208,086	0	0	0	145	0
112	Cash-restricted-modernization and development	0									
113	Cash-other restricted	2,389,668	370,205	0	0	761,640	0	124,090	0	0	346,030
114	Cash-tenant security deposits	78,244	16,106	0	3,225	0	0	0	0	0	0
115	Cash - Restricted for payment of current liability	0									0
100	Total Cash	5,671,293	397,322	0	3,225	969,726	0	124,090	0	145	346,030
122	Accounts receivable - HUD other projects	0	0	0	0	0	0	0	0	0	0
124	Account receivable - other government	899,291	17,293	24,345	0	1,659	0	52,004	31,750	112,746	0
125	Account receivable - miscellaneous	14,180	0	0	0	2,101	0	0	0	0	0
126	Accounts receivable - tenants	4,728	159	0	4,291	0	0	0	0	0	0
126.1	Allowance for doubtful accounts - tenants	-214	0	0	0	0	0	0	0	0	0
127	Notes, loans & mortgages receivable - current	0	0	0	0	0	0	19,857	0	0	0
129	Accrued Interest Receivable	349,505	0	0	0	0	0	0	0	0	0
120	Total receivables, net of allowance for doubtful accounts	1,267,490	17,452	24,345	4,291	3,760	0	71,861	31,750	112,746	0
131	Investments - unrestricted	0	0	0	0	0	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0	0	0	0	0	0
135	Investments - Restricted for payment of current liability	0	0	0	0	0	0	0	0	0	0
142	Prepaid expenses and other assets	304	0	0	0	0	0	0	0	0	0
143	Inventories	11,402	0	0	0	0	0	0	0	0	0
144	Inter program - due from	7,838,071	0	0	617,195	25,080	522,500	22,765	0	8,975	0
150	Total Current Assets	14,788,560	414,774	24,345	624,711	998,566	522,500	218,716	31,750	121,866	346,030
161	Land	3,286,462	330,879	0	67,617	0	66,000	0	0	0	0
162	Buildings	14,187,495	3,784,187	0	748,336	0	95,600	0	0	0	0
163	Furniture, equipment and machinery - dwellings	317,824	22,708	0	0	0	0	0	0	0	0
164	Furniture, equipment and machinery - administration	0	0	0	0	0	0	0	0	0	0
165	Leasehold Improvements	1,184,348	734,637	0	155,711	0	0	0	0	0	0
166	Accumulated depreciation	-4,923,284	-1,245,513	0	-749,917	0	0	0	0	0	0
167	Construction in progress	645,249	0	0	0	0	384,119	0	0	0	0
160	Total capital assets, net of accumulated depreciation	14,698,094	3,626,898	0	221,747	0	545,719	0	0	0	0
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	195,152	0	0	0	0	0	0	0	0	0
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	4,212,924	0	0	0	0	0	302,000	0	0	0
174-020	Other assets - Partnership	86,400	0	0	0	0	0	0	0	0	0
174-050	Other assets - Other	642,891	0	0	50,611	0	0	0	0	0	0
174	Other assets	729,291	0	0	50,611	0	0	0	0	0	0
180	Total Non-current Assets	19,835,461	3,626,898	0	272,358	0	545,719	302,000	0	0	0
190	Total Assets	34,624,021	4,041,672	24,345	897,069	998,566	1,068,219	520,716	31,750	121,866	346,030

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		Financial Data Schedule									
		Fiscal Year 2011									
		Farm									
		Labor Housing HOME Community Temporary									
		Housing Counseling N/C S/R Housing Choice Investment Development Assistance									
		Loans and Assistance Section 8 Housing Choice Partnerships Grants/Entitle for Needy									
Line Item No.	Description	Business Activities	Grants	Program	Programs	Vouchers	Program	ment Grants	HPRP	Families	FEC Pilot Program
311	Bank overdraft	0	0	0	0	0	0	0	0	0	0
312	Accounts payable <= 90 days	549,673	0	0	0	0	0	0	0	15,042	2,170
321	Accrued wage/payroll taxes payable	0	0	0	0	0	0	0	0	0	0
322	Accrued compensated absences - current portion	13,872	0	0	0	0	0	0	0	0	0
325	Accrued interest payable	0	0	0	2,303	0	0	0	0	0	0
333	Accounts payable - other government	833,319	2,534	0	0	0	0	0	0	0	0
341	Tenant security deposits	78,244	16,106	0	3,225	0	0	0	0	0	0
342	Deferred revenue	10,172	1,999	0	91	0	0	0	0	0	228,338
343-020	Capital Projects/ Mortgage Revenue	508,983	0	0	0	0	0	0	0	0	0
345	Other current liabilities	0	0	0	0	74,120	0	0	0	0	0
346	Accrued liabilities - other	143,289	0	0	0	0	0	0	0	0	0
347	Inter program - due to	8,076,166	149,436	69,096	0	60,880	16,394	123,018	44,722	106,600	115,522
310	Total Current Liabilities	10,213,718	170,075	69,096	5,619	135,000	16,394	123,018	44,722	121,642	346,030
351-020	Long-term - Capital Projects/ Mortgage Revenue	13,115,956	2,246,543	0	584,592	0	0	0	0	0	0
353	Non-current Liabilities - Other	0	0	0	0	0	0	0	0	0	0
354	Accrued compensated absences- Non-current	167,981	0	0	0	0	0	0	0	0	0
350	Total Non-current liabilities	13,283,937	2,246,543	0	584,592	0	0	0	0	0	0
300	Total Liabilities	23,497,655	2,416,618	69,096	590,211	135,000	16,394	123,018	44,722	121,642	346,030
508.1	Invested in capital assets, net of related debt	1,073,156	1,380,355	0	-362,846	0	545,719	0	0	0	0
511.1	Restricted Net Assets	2,389,671	370,205	0	0	687,520	0	124,090	0	0	117,693
512.1	Unrestricted Net Assets	7,663,539	-125,506	-44,751	669,704	176,046	506,106	273,608	-12,972	224	-117,693
513	Total Equity/Net Assets	11,126,366	1,625,054	-44,751	306,858	863,566	1,051,825	397,698	-12,972	224	0
600	Total Liabilities and Equity/Net assets	34,624,021	4,041,672	24,345	897,069	998,566	1,068,219	520,716	31,750	121,866	346,030

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Financial Data Schedule

Fiscal Year 2011

Line Item No.	Description	Farm				Housing Choice Vouchers	HOME Investment Partnerships Program	Community Development Block Grants/Entitle ment Grants	HPRP	Temporary Assistance for Needy Families	FEC Pilot Program
		Business Activities	Labor Housing Loans and Grants	Housing Counseling Assistance Program	N/C S/R Section 8 Programs						
70300	Net tenant rental revenue	986,309	219,325	0	37,734	0	0	0	0	0	0
70400	Tenant revenue - other	192,109	10,752	0	4,051	0	0	0	0	0	0
70500	Total Tenant Revenue	1,178,418	230,077	0	41,785	0	0	0	0	0	0
70600-010	Housing assistance payments	0	0	0	0	6,270,825	0	0	0	0	0
70600-020	Ongoing administrative fees earned	0	0	0	0	520,809	0	0	0	0	0
70600-031	FSS Coordinator	0	0	0	0	0	0	0	0	0	0
70600	HUD PHA operating grants	0	0	0	189,478	123,647	0	0	0	0	0
70610	Capital grants	0	0	0	0	0	602,500	0	0	0	0
70710	Management Fee	0	0	0	0	0	0	0	0	0	0
70750	Other Fees	0	0	0	0	0	0	0	0	0	0
70700	Total Fee Revenue	0	0	0	0	0	0	0	0	0	0
70800	Other government grants	1,471,718	265,255	47,899	0	0	0	103,989	890,758	112,746	117,692
71100	Investment income - unrestricted	0	0	0	72	0	0	0	0	0	0
71400-010	Housing Assistance Payment Fraud Recovery	0	0	0	0	0	0	0	0	0	0
71400-020	Administrative Fee Fraud Recovery	0	0	0	0	650	0	0	0	0	0
71500	Other revenue	622,424	0	0	0	50,725	0	29,930	0	0	0
71500-010	Housing Assistance Payment Investement Income	13,124	0	0	0	0	0	0	0	0	0
72000	Investment income - restricted	78,281	168	0	0	383	0	6,132	9	0	0
70000	Total Revenue	3,363,965	495,500	47,899	231,335	6,967,039	602,500	140,051	890,767	112,746	117,692
91100	Administrative salaries	414,384	34,337	49,410	2,653	415,367	0	58,142	77,290	14,302	66,996
91200	Auditing fees	65,938	0	0	0	0	0	0	0	0	0
91300	Management Fee	0	0	0	0	0	0	0	0	0	0
91400	Advertising and Marketing	3,400	0	0	0	0	0	41	0	0	0
91500	Employee benefit contributions - administrative	265,449	9,134	16,197	3,265	145,835	0	18,578	24,931	6,356	20,676
91600	Office Expenses	196,609	6,689	2,961	497	12,446	0	4,668	4,102	0	2,213
91700	Legal Expense	8,942	0	0	267	0	0	191	0	0	0
91800	Travel	1,842	0	0	0	1,116	0	885	0	0	0
91900	Other	-109,550	24,461	4,146	9,785	53,009	0	16,231	12,897	0	13,522
91000	Total Operating-Administrative	847,014	74,621	72,714	16,467	627,773	0	98,736	119,220	20,658	103,407
92400	Tenant services - other	19,254	0	0	0	0	0	0	783,577	91,586	14,150
92500	Total Tenant Services	19,254	0	0	0	0	0	0	783,577	91,586	14,150
93100	Water	46,589	13,974	0	9,129	0	0	0	0	0	0
93200	Electricity	11,696	8,712	0	2,313	0	0	0	0	0	0
93300	Gas	29,187	4,253	0	9,712	0	0	0	0	0	0
93600	Sewer	35,591	10,451	0	6,919	0	0	0	0	0	0
93800	Other utilities expense	3,605	737	0	1,369	0	0	0	0	0	0
93000	Total Utilities	126,668	38,127	0	29,442	0	0	0	0	0	0

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Financial Data Schedule											
Fiscal Year 2011											
Farm											
Line Item No.	Description	Business Activities	Labor	Housing	N/C S/R	Housing Choice	HOME	Community	HPRP	Temporary	FEC Pilot
			Housing	Counseling			Investment	Development			
			Loans and	Assistance	Section 8	Vouchers	Partnerships	Block		for Needy	Program
			Grants	Program	Programs		Program	Grants/Entitle		Families	
94100	Ordinary maintenance and operations - labor	318,739	15,801	0	7,226	0	0	0	0	0	0
94200	Ordinary maintenance and operations - materials and other	266,035	18,182	0	6,087	0	0	1,477	0	0	0
94300-010	Garbage and Trash Removal Contracts	32,040	0	0	2,789	0	0	0	0	0	0
94300-020	Heating & Cooling Contracts	40,812	5,272	0	1,844	0	0	0	0	0	0
94300-030	Snow Removal Contracts	43,962	24,272	0	4,425	0	0	0	0	0	0
94300-050	Landscape & Grounds Contracts	40,342	10,287	0	9,767	0	0	0	0	0	0
94300-060	Unit Turnaround Contracts	48,258	1,475	0	5,303	0	0	0	0	0	0
94300-070	Electrical Contracts	2,076	205	0	0	0	0	0	0	0	0
94300-080	Plumbing Contracts	22,144	2,749	0	1,004	0	0	0	0	0	0
94300-090	Extermination Contracts	1,712	0	0	0	0	0	0	0	0	0
94300-100	Janitorial Contracts	5,514	1,128	0	402	0	0	0	0	0	0
94300-110	Routine Maintenance Contracts	62,639	20,655	0	0	0	0	0	0	0	0
94300-120	Misc Contracts	0	0	0	10,012	0	0	39,476	0	0	0
94500	Employee benefit contribution - ordinary maintenance	124,987	4,900	0	2,212	0	0	0	0	0	0
94000	Total Maintenance	1,009,260	104,926	0	51,071	0	0	40,953	0	0	0
96110	Property Insurance	147,753	39,815	0	9,485	813	0	813	0	0	0
96100	Total Insurance Premiums	147,753	39,815	0	9,485	813	0	813	0	0	0
96200	Other general expenses	48,100	0	455	0	2,239	0	1,037	942	0	135
96300	Payments in lieu of taxes	0	0	0	0	0	0	0	0	0	0
96400	Bad debt - tenant rents	15,087	710	0	-72	0	0	0	0	0	0
96000	Total Other General Expenses	63,187	710	455	-72	2,239	0	1,037	942	0	135
96710	Interest of Mortgage (or Bonds) Payable	661,387	106,466	0	28,544	0	0	0	0	0	0
96730	Amortization of Bond Issue Costs	32,828	0	0	3,140	0	0	0	0	0	0
96700	Total Interest Expense and Amortization Cost	694,215	106,466	0	31,684	0	0	0	0	0	0
96900	Total Operating Expenses	2,907,351	364,665	73,169	138,077	630,825	0	141,539	903,739	112,244	117,692
97000	Excess Revenue Over Operating Expenses	456,614	130,835	-25,270	93,258	6,336,214	602,500	-1,488	-12,972	502	0
97100	Extraordinary maintenance	188,390	61,065	0	6,558	0	0	0	0	0	0
97300-050	Housing Assistance Payments All Other	0	0	0	0	6,102,564	0	0	0	0	0
97400	Depreciation expense	429,037	103,354	0	16,474	0	0	0	0	0	0
97500	Fraud Losses	0	0	0	0	0	0	0	0	0	0
90000	Total Expenses	3,524,778	529,084	73,169	161,109	6,733,389	0	141,539	903,739	112,244	117,692
10010	Operating transfer in	0	0	0	0	0	0	0	0	0	0
10020	Operating transfer out	0	0	0	0	0	0	0	0	0	0
10030	Operating transfers from / to primary government	4,042,500	0	0	0	0	0	0	0	0	0
10040	Operating Transfer from/to component unit	453,482	0	0	0	0	0	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0	0	0	0	0	0	0
10100	Total other financing sources (uses)	4,495,982	0	0	0	0	0	0	0	0	0

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

		Financial Data Schedule									
		Fiscal Year 2011					Community				
		Farm	Labor	Housing	N/C S/R	HOME	Development	Temporary			
Line Item No.	Description	Business Activities	Housing Loans and Grants	Counseling Assistance Program	Section 8 Programs	Housing Choice Vouchers	Partnerships Program	Block Grants/Entitlement Grants	HPRP	Assistance for Needy Families	FEC Pilot Program
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	4,335,169	-33,584	-25,270	70,226	233,650	602,500	-1,488	-12,972	502	0
11020	Required Annual Debt Principal Payments	0									
11030	Beginning equity	6,791,197	1,658,638	-19,481	236,632	629,917	449,325	399,186	-	-278	0
11040-070	Equity Transfers	0								0	
11040	Prior period adjustments, equity transfers, and correction of error	0	0	0	0	0	0	0	0	0	0
11170-001	Administrative Fee Equity- Beginning Balance	0	0	0	0	143,812	0	0	-	0	0
11170-010	Administrative Fee Revenue	0	0	0	0	520,809	0	0	-	0	0
11170-021	FSS Coordinator Grant	0	0	0	0	123,647	0	0	-	0	0
11170-045	Fraud Recovery Revenue	0	0	0	0	325	0	0	-	0	0
11170-050	Other Revenue	0	0	0	0	50,725	0	0	-	0	0
11170-060	Total Admin Fee Revenues	0	0	0	0	695,506	0	0	0	0	0
11170-080	Total Operating Expenses	0	0	0	0	630,826	0	0	-	0	0
11170-110	Total Expenses	0	0	0	0	630,826	0	0	0	0	0
11170-002	Net Administrative Fee	0	0	0	0	64,680	0	0	0	0	0
11170-003	Administrative Fee Equity- Ending Balance	0	0	0	0	208,492	0	0	0	0	0
11170	Administrative Fee Equity	0	0	0	0	208,492	0	0	0	0	0
11180-001	Housing Assistance Payments Equity - Begining Balance	0	0	0	0	486,105	0	0	-	0	0
11180-010	Housing Assistance Payment Revenues	0	0	0	0	6,270,825	0	0	-	0	0
11180-015	Fraud Recovery Revenue	0	0	0	0	325	0	0	-	0	0
11180-025	Investment Income	0	0	0	0	383	0	0	-	0	0
11180-030	Total HAP Revenues	0	0	0	0	6,271,533	0	0	0	0	0
11180-080	Housing Assistance Payments	0	0	0	0	6,102,564	0	0	-	0	0
11180-100	Total Housing Assistance Payments Expenses	0	0	0	0	6,102,564	0	0	0	0	0
11180-002	Net Housing Assistance Payments	0	0	0	0	168,969	0	0	0	0	0
11180-003	Housing Assistance Payments Equity-Ending Balance	0	0	0	0	655,074	0	0	0	0	0
11180	Housing Assistance Payments Equity	0	0	0	0	655,074	0	0	0	0	0
11190-210	Total ACC HCV Units										
11190	Unit Months Available	2,808	600	0	240	8,988	0	0	-	0	0
11210	Unit Months Leased	2,696	591	0	229	8,201	0	0	-	0	0

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Financial Data Schedule
Fiscal Year 2011

Line Item No.	Description	NFMC			BCHA Total	Component Units	Total
		LIHEAP	Public Law 110-161	Weatherization			
	Balance Sheet						
111	Cash-unrestricted	0	0	0	3,422,623	40,571	3,463,194
112	Cash-restricted-modernization and development				0		0
113	Cash-other restricted	0	0	281,179	4,272,812	965,831	5,238,643
114	Cash-tenant security deposits	0	0	0	97,575	16,949	114,524
115	Cash - Restricted for payment of current liability				0		0
100	Total Cash	0	0	281,179	7,793,010	1,023,351	8,816,361
122	Accounts receivable - HUD other projects	0	0	0	0	0	0
124	Account receivable - other government	0	0	641,380	1,780,468	0	1,780,468
125	Account receivable - miscellaneous	0	0	0	16,281	0	16,281
126	Accounts receivable - tenants	0	0	0	9,178	2,278	11,456
126.1	Allowance for doubtful accounts - tenants	0	0	0	-214	0	-214
127	Notes, loans & mortgages receivable - current	0	0	0	19,857	0	19,857
129	Accrued Interest Receivable	0	0	0	349,505	0	349,505
120	Total receivables, net of allowance for doubtful accounts	0	0	641,380	2,175,075	2,278	2,177,353
131	Investments - unrestricted	0	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0	0
135	Investments - Restricted for payment of current liability	0	0	0	0	0	0
142	Prepaid expenses and other assets	0	0	0	304	0	304
143	Inventories	0	0	131,051	142,453	0	142,453
144	Inter program - due from	0	0	121,188	9,155,774	0	9,155,774
150	Total Current Assets	0	0	1,174,798	19,266,616	1,025,629	20,292,245
161	Land	0	0	0	3,750,958	1,017,458	4,768,416
162	Buildings	0	0	0	18,815,618	3,884,766	22,700,384
163	Furniture, equipment and machinery - dwellings	0	0	0	340,532	25,738	366,270
164	Furniture, equipment and machinery - administration	0	0	673,640	673,640	0	673,640
165	Leasehold Improvements	0	0	0	2,074,696	75,643	2,150,339
166	Accumulated depreciation	0	0	-472,709	-7,391,423	-1,512,640	-8,904,063
167	Construction in progress	0	0	0	1,029,368	4,447,109	5,476,477
160	Total capital assets, net of accumulated depreciation	-	-	200,931	19,293,389	7,938,074	27,231,463
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	0	0	0	195,152	0	195,152
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	0	0	0	4,514,924	0	4,514,924
174-020	Other assets - Partnership		0	0	86,400	0	86,400
174-050	Other assets - Other	0	0	0	693,502	262,336	955,838
174	Other assets	0	0	0	779,902	262,336	1,042,238
180	Total Non-current Assets	0	0	200,931	24,783,367	8,200,410	32,983,777
190	Total Assets	0	0	1,375,729	44,049,983	9,226,039	53,276,022

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Financial Data Schedule
Fiscal Year 2011

Line Item No.	Description	NFMC			BCHA Total	Component Units	Total
		LIHEAP	Public Law 110-161	Weatheriza tion			
					0		
311	Bank overdraft	0	0	0	0	0	0
312	Accounts payable <= 90 days	0	0	166,172	733,057	728,890	1,461,947
321	Accrued wage/payroll taxes payable	0	0	0	0	0	0
322	Accrued compensated absences - current portion	0	0	0	13,872	0	13,872
325	Accrued interest payable	0	0	0	2,303	0	2,303
333	Accounts payable - other government	0	0	0	835,853	314,383	1,150,236
341	Tenant security deposits	0	0	0	97,575	16,949	114,524
342	Deferred revenue	0	0	495,074	735,674	2,150	737,824
343-020	Capital Projects/ Mortgage Revenue	0	0	0	508,983	0	508,983
345	Other current liabilities	0	0	0	74,120	0	74,120
346	Accrued liabilities - other	0	0	0	143,289	120,908	264,197
347	Inter program - due to	0	0	393,940	9,155,774	0	9,155,774
310	Total Current Liabilities	0	0	1,055,186	12,300,500	1,183,280	13,483,780
351-020	Long-term - Capital Projects/ Mortgage Revenue	0	0	0	15,947,091	2,487,928	18,435,019
353	Non-current Liabilities - Other	0	0	0	0	281,575	281,575
354	Accrued compensated absences- Non-current	0	0	0	167,981	0	167,981
350	Total Non-current liabilities	0	0	0	16,115,072	2,769,503	18,884,575
300	Total Liabilities	0	0	1,055,186	28,415,572	3,952,783	32,368,355
508.1	Invested in capital assets, net of related debt	0	0	200,931	2,837,315	5,168,571	8,005,886
511.1	Restricted Net Assets	0	0	281,179	3,970,358	82,362	4,052,720
512.1	Unrestricted Net Assets	0	0	-161,567	8,826,738	22,323	8,849,061
513	Total Equity/Net Assets	0	0	320,543	15,634,411	5,273,256	20,907,667
600	Total Liabilities and Equity/Net assets	0	0	1,375,729	44,049,983	9,226,039	53,276,022

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Financial Data Schedule
Fiscal Year 2011

Line Item No.	Description	NFMC			BCHA Total	Component Units	Total
		LIHEAP	Public Law 110-161	Weatherization			
70300	Net tenant rental revenue	0	0	0	1,243,368	257,880	1,501,248
70400	Tenant revenue - other	0	0	0	206,912	9,988	216,900
70500	Total Tenant Revenue	0	0	0	1,450,280	267,868	1,718,148
							0
70600-010	Housing assistance payments	0	0	0	6,270,825	0	6,270,825
70600-020	Ongoing administrative fees earned	0	0	0	520,809	0	520,809
70600-031	FSS Coordinator	0	0	0	0	0	0
70600	HUD PHA operating grants	0	0	0	313,125	0	313,125
70610	Capital grants	0	0	0	602,500	0	602,500
70710	Management Fee	0	0	0	0	0	0
70750	Other Fees	0	0	0	0	0	0
70700	Total Fee Revenue	0	0	0	0	0	0
70800	Other government grants	0	0	3,977,762	6,987,819	317,048	7,304,867
71100	Investment income - unrestricted	0	0	0	72	121	193
71400-010	Housing Assistance Payment Fraud Recovery	0	0	0	0	0	0
71400-020	Administrative Fee Fraud Recovery	0	0	0	650	0	650
71500	Other revenue	0	0	0	703,079	1,846,368	2,549,447
71500-010	Housing Assistance Payment Investment Income	0	0	0	13,124	0	13,124
72000	Investment income - restricted	0	0	0	84,973	0	84,973
70000	Total Revenue	0	0	3,977,762	16,947,256	2,431,405	19,378,661
91100	Administrative salaries	0	0	110,234	1,243,115	0	1,243,115
91200	Auditing fees	0	0	14,072	80,010	21,500	101,510
91300	Management Fee	0	0	0	0	112,402	112,402
91400	Advertising and Marketing	0	0	0	3,441	3,920	7,361
91500	Employee benefit contributions - administrative	0	0	55,466	565,887	0	565,887
91600	Office Expenses	0	0	62,590	292,775	1,435	294,210
91700	Legal Expense	0	0	0	9,400	13,978	23,378
91800	Travel	0	0	10,464	14,307	0	14,307
91900	Other	0	0	38,365	62,866	979	63,845
91000	Total Operating-Administrative	0	0	291,191	2,271,801	154,214	2,426,015
92400	Tenant services - other	0	0	0	908,567	0	908,567
92500	Total Tenant Services	0	0	0	908,567	0	908,567
							0
93100	Water	0	0	0	69,692	21,205	90,897
93200	Electricity	0	0	0	22,721	6,462	29,183
93300	Gas	0	0	0	43,152	9,563	52,715
93600	Sewer	0	0	0	52,961	14,022	66,983
93800	Other utilities expense	0	0	17	5,728	1,021	6,749
93000	Total Utilities	0	0	17	194,254	52,273	246,527

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Financial Data Schedule
Fiscal Year 2011

Line Item No.	Description	NFMC			BCHA Total	Component Units	Total
		LIHEAP	Public Law 110-161	Weatherization			
94100	Ordinary maintenance and operations - labor	0	0	1,505,524	1,847,290	29,528	1,876,818
94200	Ordinary maintenance and operations - materials and other	0	0	777,928	1,069,709	18,551	1,088,260
94300-010	Garbage and Trash Removal Contracts	0	0	0	34,829	10,297	45,126
94300-020	Heating & Cooling Contracts	0	0	0	47,928	4,577	52,505
94300-030	Snow Removal Contracts	0	0	0	72,659	35,230	107,889
94300-050	Landscape & Grounds Contracts	0	0	0	60,396	9,334	69,730
94300-060	Unit Turnaround Contracts	0	0	0	55,036	12,484	67,520
94300-070	Electrical Contracts	0	0	0	2,281	283	2,564
94300-080	Plumbing Contracts	0	0	0	25,897	6,769	32,666
94300-090	Extermination Contracts	0	0	0	1,712	382	2,094
94300-100	Janitorial Contracts	0	0	0	7,044	2,973	10,017
94300-110	Routine Maintenance Contracts	0	0	0	83,294	10,258	93,552
94300-120	Misc Contracts	0	0	529,324	578,812	0	578,812
94500	Employee benefit contribution - ordinary maintenance	0	0	600,733	732,832	10,089	742,921
94000	Total Maintenance	0	0	3,413,509	4,619,719	150,755	4,770,474
96110	Property Insurance	0	0	33,450	232,129	17,694	249,823
96100	Total Insurance Premiums	0	0	33,450	232,129	17,694	249,823
96200	Other general expenses	0	0	116,868	169,776	0	169,776
96300	Payments in lieu of taxes	0	0	0	0	0	0
96400	Bad debt - tenant rents	0	0	0	15,725	3,396	19,121
96000	Total Other General Expenses	0	0	116,868	185,501	3,396	188,897
96710	Interest of Mortgage (or Bonds) Payable	0	0	0	796,397	0	796,397
96730	Amortization of Bond Issue Costs	0	0	0	35,968	0	35,968
96700	Total Interest Expense and Amortization Cost	0	0	0	832,365	0	832,365
96900	Total Operating Expenses	0	0	3,855,035	9,244,336	378,332	9,622,668
97000	Excess Revenue Over Operating Expenses	0	0	122,727	7,702,920	2,053,073	9,755,993
97100	Extraordinary maintenance	0	0	0	256,013	29,985	285,998
97300-050	Housing Assistance Payments All Other	0	0	0	6,102,564	0	6,102,564
97400	Depreciation expense	0	0	91,050	639,915	92,075	731,990
97500	Fraud Losses	0	0	0	0	0	0
90000	Total Expenses	0	0	3,946,085	16,242,828	500,392	16,743,220
10010	Operating transfer in	0	0	0	0	0	0
10020	Operating transfer out	0	0	0	0	0	0
10030	Operating transfers from / to primary government	0	0	0	4,042,500	0	4,042,500
10040	Operating Transfer from/to component unit	0	0	0	453,482	-453,482	0
10080	Special items, net gain/loss	0	0	0	0	0	0
10100	Total other financing sources (uses)	0	0	0	4,495,982	-453,482	4,042,500

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Financial Data Schedule
Fiscal Year 2011

Line Item No.	Description	NFMC			BCHA Total	Component Units	Total
		LIHEAP	Public Law 110-161	Weatheriza tion			
11000	Excess (Deficiency) of Revenue Over (Under) Expenses	0	0	31,677	5,200,410	1,477,531	6,677,941
11020	Required Annual Debt Principal Payments				0		0
11030	Beginning equity	-	-	288,866	10,434,002	3,795,725	14,229,727
							0
11040-070	Equity Transfers	-	-		0		0
11040	Prior period adjustments, equity transfers, and correction of error	0	0	0	0	0	0
							0
11170-001	Administrative Fee Equity- Beginning Balance	-	-	0	143,812	-	143,812
11170-010	Administrative Fee Revenue	-	-	0	520,809	-	520,809
11170-021	FSS Coordinator Grant	-	-	0	123,647	-	123,647
11170-045	Fraud Recovery Revenue	-	-	0	325	-	325
11170-050	Other Revenue	-	-	0	50,725	-	50,725
11170-060	Total Admin Fee Revenues	0	0	0	695,506	0	695,506
11170-080	Total Operating Expenses	-	-	0	630,826	-	630,826
11170-110	Total Expenses	0	0	0	630,826	0	630,826
11170-002	Net Administrative Fee	0	0	0	64,680	0	64,680
11170-003	Administrative Fee Equity- Ending Balance	0	0	0	208,492	0	208,492
11170	Administrative Fee Equity	0	0	0	208,492	0	208,492
							0
11180-001	Housing Assistance Payments Equity - Begining Balance	-	-	0	486,105	-	486,105
11180-010	Housing Assistance Payment Revenues	-	-	0	6,270,825	-	6,270,825
11180-015	Fraud Recovery Revenue	-	-	0	325	-	325
11180-025	Investment Income	-	-	0	383	-	383
11180-030	Total HAP Revenues	0	0	0	6,271,533	0	6,271,533
11180-080	Housing Assistance Payments	-	-	0	6,102,564	-	6,102,564
11180-100	Total Housing Assistance Payments Expenses	0	0	0	6,102,564	0	6,102,564
11180-002	Net Housing Assistance Payments	0	0	0	168,969	0	168,969
11180-003	Housing Assistance Payments Equity-Ending Balance	0	0	0	655,074	0	655,074
11180	Housing Assistance Payments Equity	0	0	0	655,074	0	655,074
11190-210	Total ACC HCV Units						
11190	Unit Months Available	-	-	0	12,636	672	13,308
11210	Unit Months Leased	-	-	0	11,718	646	12,364

SINGLE AUDIT SECTION

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

Board of Commissioners
Boulder County Housing Authority
Boulder County, Colorado

We have audited the financial statements of the business type activities and the discretely presented component unit of Boulder County Housing Authority, a component unit of Boulder County, Colorado, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 20, 2012. 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.

Internal Control Over Financial Reporting

Management of Boulder County Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Boulder County Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-02 and 2011-03 to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boulder County Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-01.

Boulder County Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Boulder County Housing Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Greenwood Village, Colorado
July 20, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Boulder County Housing Authority
Boulder County, Colorado

Compliance

We have audited the compliance of Boulder County Housing Authority with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. Boulder County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Boulder County Housing Authority's management. Our responsibility is to express an opinion on Boulder County Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boulder County Housing 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. Our audit does not provide a legal determination of Boulder County Housing Authority's compliance with those requirements.

In our opinion, Boulder County Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-04.

Internal Control Over Compliance

The management of Boulder County Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boulder County Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-04. *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.

Boulder County Housing Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Boulder County Housing Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Greenwood Village, Colorado
July 20, 2012

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

<u>Grantor Agency and Grant Title</u>	<u>Grant Number- Federal or State</u>	<u>CFDA Number</u>	<u>Grant Period</u>		<u>Expenditures/ Adjustments</u>
			<u>From</u>	<u>To</u>	
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<i>Direct Funding:</i>					
Section 8 Housing Choice Voucher Program	CO061VO	14.871	1/1/2011	12/31/2011	6,552,872
Section 8 Family Unification Voucher Program	CO061FU	14.880	7/1/2011	6/30/2012	<u>8,741</u>
Public Housing Cluster Total					<u>6,561,613</u>
Family Self-Sufficiency Coordinator Award	CO061FSF005	14.877	1/1/2011	12/31/2011	123,647
Comprehensive Housing Counseling	HC100821007	14.169	10/1/2010	9/30/2011	37,694
Home Equity Conversion Mortgage	HC100822001	14.169	10/1/2010	9/30/2011	<u>10,205</u>
Housing Counseling Assistance Program Total					<u>47,899</u>
<i>Passed Through Colorado Housing and Finance Authority:</i>					
Section 8 Housing Assistance Payments -Catamaran Court	CO0990036010	14.195	1/1/2011	12/31/2011	122,577
Section 8 Housing Assistance Payments -Bloomfield	CO99R000007	14.195	1/1/2011	12/31/2011	<u>66,901</u>
CHAFA Grant Total					<u>189,478</u>
<i>Passed Through City of Boulder, Colorado</i>					
HOME Program - Acquisition	2009 HOME MA	14.239	3/19/2008	3/19/2011	80,000
<i>Passed Through Colorado Division of Housing</i>					
HOME Program - Development	H2HOM11048	14.239	6/14/2011	9/14/2012	<u>550,000</u>
HOME Program Total					<u>630,000</u>
<i>Passed Through City of Longmont, Colorado</i>					
Community Development Block Grant	B10MC080011	14.218	1/1/2011	12/31/2011	55,000
<i>Passed Through Boulder County</i>					
Community Development Block Grant	H0CDB08078G	14.218	9/2/2009	12/31/2010	<u>2,004</u>
Community Development Block Grant Total					<u>57,004</u>
<i>Passed Through Colorado Coalition for the Homeless</i>					
ARRA - Housing Crisis Prevention Program - Homelessness Prevention and Rapid Rehousing	38VN0	14.257	10/1/2009	9/30/2012	890,758
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>8,500,399</u>

BOULDER COUNTY HOUSING AUTHORITY
(A Component Unit of Boulder County, Colorado)

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

US DEPARTMENT OF AGRICULTURE

Direct Funding:

US Dept of Agriculture-Prime Haven	840742772-029	10.405	1/1/2011	12/31/2011	52,812
US Dept of Agriculture-Casa de la Esperanza	840742772-054	10.405	1/1/2011	12/31/2011	93,292
US Dept of Agriculture-Walter Self	840742772-066	10.405	1/1/2011	12/31/2011	119,150

TOTAL US DEPARTMENT OF AGRICULTURE

265,254

US DEPARTMENT OF HEALTH AND HUMAN SERVICES

Direct Funding:

Weatherization Assistance for Low- Income Persons	C900713	93.568	7/1/2010	6/30/2011	478,916
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Passed Through Boulder County Colorado

Housing Crisis Prevention Project		93.558	1/1/2011	12/31/2011	112,745
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TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES

591,661

US DEPARTMENT OF ENERGY

Passed Through Colorado Governor's Energy Office

Weatherization Assistance for Low- Income Persons	C900713	81.042	7/1/2010	6/30/2011	155,397
ARRA - Weatherization Assistance for Low- Income Persons	C900725	81.042	7/1/2010	6/30/2011	1,257,178
ARRA - Weatherization Assistance for Low- Income Persons	C900725	81.042	7/1/2011	3/31/2012	1,732,072

TOTAL US DEPARTMENT OF ENERGY

3,144,647

US DEPARTMENT OF TREASURY

Direct Funding:

Foreclosure Education Counseling Pilot Program	091FC009057	21.010	5/17/2010	5/17/2013	117,692
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TOTAL US DEPARTMENT OF TREASURY

117,692

TOTAL FEDERAL FINANCING ASSISTANCE

\$ 12,619,653

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

BOULDER COUNTY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2011

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Boulder County Housing Authority, a blended component unit of Boulder County, Colorado.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

BOULDER COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section I—Summary of Auditor’s Results
Financial Statements

Type of auditor’s report issued: Unqualified
 Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor’s report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major program:

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program
14.257	Homelessness Prevention and Rapid Re-Housing Program (HPRP) - ARRA
14.871, 14.880	Section 8 Housing Choice Vouchers
81.042	Weatherization Assistance for Low-Income Persons – ARRA
81.042	Weatherization Assistance for Low-Income Persons
93.568	Low Income Energy Assistance Program Funds

Dollar threshold used to distinguish between type A and type B programs \$378,590

Auditee qualified as low-risk auditee? yes no

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Section II—Financial Statement Findings

Finding 2011-01

Material Weakness, Material Noncompliance

- Criteria: Under the Uniform Financial Reporting Standards (24 CFR Section 5.801, the Boulder County Housing Authority (Authority) is responsible for filing its unaudited financial information in the Department of Housing and Urban Development's (HUD) Financial Assessment Subsystem (FASS-PH). Additionally, *OMB Circular A-133* requires the submission of the audit reporting package and Data Collection Form (form SF-SAC) to the Federal Audit Clearinghouse (FAC) and pass-through entities by the auditee.
- Condition: During our audit, we noted that the Authority failed to report its unaudited financial information for the year ended December 31, 2011 in FASS-PH in a timely manner. Additionally, the Authority failed to submit the SF-SAC together with the reporting package for the year ended December 31, 2010 to the FAC within the required deadline.
- Cause: The Authority does not have the proper processes in place to ensure that unaudited financial information is submitted to HUD timely nor to ensure that financial reporting information is submitted within established timelines.
- Effect: The Authority is out of compliance with the Uniform Financial Reporting Standards (24 CFR Section 5.801) and with *OMB Circular A-133*.
- Recommendation: We recommend that the Authority establish a process whereby all financial information required under the Uniform Financial Reporting Standards (24 CFR Section 5.801) is reported to HUD on a timely basis. Additionally, the Authority should establish a process to ensure all financial reporting information, including the SF-SAC, is submitted in accordance with *OMB Circular A-133*.

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Section II—Financial Statement Findings

Finding 2011-01 (Continued)

Management Response: We consider the failure to report unaudited financial information to HUD's Financial Assessment Subsystem (FASS-PH) for the year ended December 31, 2011, a serious matter. This occurred because two events combined and contributed to the failure, (1) turnover of key financial senior staff resulted in new senior finance staff experiencing this audit and related due dates for the first time; (2) a misunderstanding of both senior finance staff and the audit firm of the filing deadline.

Correction Plan: Given that there was new staff and miscommunication on both sides, by management and auditor, the procedure to correct this finding addresses the following:

1. Closing BCHA books routinely on a monthly basis so that the trial balance is prepared and readied for FASS submission at an earlier date. The monthly financial statement close process was initiated by the new financial team in 2012.
2. A review by senior finance staff, in conjunction with the audit firm, of all required filing deadlines required by HUD.
3. To insure that the Data Collection Form (SF-SAC) due date is not missed, our work plan will have in place due dates for the Data Collection Form (SF-SAC) at thirty days after the audit is completed or September 30, 2012 whichever is sooner.

Contact Person: Richard Sosa, Division Director of Finance and Operations
303-441-1090

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Finding 2011-02

Material Weakness

- Criteria:** Per OMB Circular No. A-133, the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- Condition:** The Authority did not identify its HOME Investment Partnership Program funds, its Housing Crisis Prevention funds and its Low Income Home Energy Assistance Program as Federal expenditures on its Schedule of Expenditures of Federal Awards (SEFA).
- Cause:** Inadequate review and reconciliation procedures to ensure that the Authority has included all applicable amounts in its SEFA.
- Effect:** The SEFA provided by the Authority's management was misstated by \$630,000 due to the omission of the HOME Investment Partnership funds and \$112,745 of Housing Crisis Prevention funds. \$478,916 of Low Income Energy Assistance Program funds were incorrectly reported as Weatherization Assistance for Low Income Persons funds.
- Recommendation:** We recommend that the Authority implement review and reconciliation procedures that ensure that all applicable amounts required by OMB Circular A-133 are properly disclosed.
- Management response:** Both the Division Director of Finance / Operations and Housing Finance Manager were newly hired as senior finance staff for BCHA and the Schedule of Expenditures of Federal Awards (SEFA) report was not correct. Omissions were uncovered late in the audit process and grant documents were not well organized. The Housing Finance Manager sought guidance from the audit firm to correct the SEFA.

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Finding 2011-02 (Continued)

Correction Plan:

1. Turnover hinders efficient operations. To insure that the Housing finance department is never harmed by top level turnover, we have implemented succession planning. Each employee is paired to a succession individual, and is responsible for demonstrating key parts of their job and due dates related.
2. Cross training and written procedures documentation will be reviewed and updated to highlight the key critical duties and due dates, identified in the succession plan, related to the SEFA and all critical reporting requirements.
3. Grant award letters and documentation related to current year grants have been assigned to a set file location for such electronic files and paper documents imaged. The process to capture grant documentation is part of the defined routine tasks of the grant accountant.
4. The role of the grant accountant has been defined and is assigned to an accountant who is skilled to account for grants, develop the SEFA and will be properly supervised in this role.
5. Administrative support staff has been tasked with a project to locate and image all executed financial documents and collecting these in the File Net.

Contact person: Richard Sosa, Division Director of Finance and Operations
303-441-1090

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Finding 2011-03

Material Weakness

- Criteria:** As required by certain state and federal laws, Boulder County Housing Authority is required to prepare its year end financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).
- Condition:** During our audit, we identified various material adjustments necessary to bring the financial statements in compliance with GAAP. These included recording developer fee activity between the Authority and Josephine Commons I LLC, reclassification of Xcel rebates in the weatherization program, and working through numerous lists of costs related to the Josephine Commons project and assisting Authority staff with how to record this activity, which had not been recorded at all during 2011. In addition, CliftonLarsonAllen made numerous corrections to several different drafts of the financial statements and notes related to areas such as restricted assets and restricted net assets, Josephine Commons I LLC presentation, and significant changes to the cash flows statement.
- Cause:** The Authority's financial staff does not have the proper training or processes in place to ensure that all material adjustments are identified and made and to prepare financial statements in accordance with GAAP.
- Effect:** The Authority was reliant on CliftonLarsonAllen to identify material adjustments and to assist in preparing the financial statements, including footnotes. However, as independent auditors, CliftonLarsonAllen cannot be considered part of the Authority's financial statement internal control system. The possibility exists that the Authority's financial statements as prepared by the Authority's personnel would not provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected.

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Finding 2011-03 (Continued)

Recommendation: We recommend that the Authority implement the following programs and procedures:

1. Send all key financial personnel to training classes or seminars to fully understand what is required by GAAP for governmental entities. Since reporting by housing authorities must also conform to various requirements of the U.S. Department of Housing and Urban Development under its Real Estate Assessment Center, training related to these reporting requirements should also be attended.
2. As part of the preparation for the year end financial statement audit, a complete, detailed review of all significant accounts should be completed by the Division Director of Finance and Operations to ensure they are properly stated.
3. When preparing the financial statements and footnotes, they should be compared in detail to the prior year's statements to ensure all notes that are still applicable to this year are included and to consider which ones need to be modified for new activity.
4. A current GAAP reporting checklist should be completed to ensure all current reporting requirements have been met.
5. The Division Director of Finance and Operations should review the draft of the financial statements and footnotes, comparing all amounts to the most current trial balance and considering the reporting checklist.

Management response: Training for the Housing finance staff is a commitment for the Finance Department in 2012-13. The financial staff hired late in 2011 and January 2012 is committed to improving the internal process to produce accurate working papers for the auditors.

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Finding 2011-03 (Continued)

Correction Plan:

1. A large commitment to training is reflected in our 2013 budget for Finance and Operations. We will focus our training on understanding the unique financial reporting requirements for public housing.
2. The Division Director of Finance will insure that a full review of the trial balance is conducted each quarter; that adjusting entries are documented, and that activity is reviewed in detail for significant accounts.
3. The Division Director of Finance will lead the new senior finance team to carefully review the draft of the financial statements, footnotes and MD&A. The senior finance team will combine this review with notes from an on-going review of the U.S. GAAP Presentation and Disclosure Checklist and our Trial Balance.
4. We will utilize the U.S. GAAP Presentation and Disclosure Checklist by reviewing the document and senior finance team members will respond, in writing, to any "yes" answer in the Checklist.
5. On a daily basis, during the audit, the senior Housing finance team will review the documents before they are sent to the auditor to minimize errors and corrections.
6. During audit field work, Housing finance team will have a weekly conference session with the auditor to discuss updates and materials due so that Housing finance insure that working papers for the auditors are in good order.

Contact person: Richard Sosa, Division Director of Finance and Operations
303-441-1090

BOULDER COUNTY HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Section III—Federal Award Findings and Questioned Costs

Finding 2011-04 CFDA 14.871, Section 8 Housing Choice Vouchers

**Special Tests and Provisions
Significant Deficiency, Noncompliance**

Criteria: The grant recipient is required to have internal controls in place to ensure that it complies with all applicable requirements. Per the OMB A-133 March 2011 Compliance Supplement, Public Housing Authorities (PHAs) are required to enter into depository agreements with their financial institutions in the form required by HUD. The agreements serve as safeguards for Federal funds and provide third-party rights to HUD (24 CFR section 982.156).

Condition: The Authority had not entered into the required depository agreements until notified to do so as part of this audit. In addition, the subsequent agreement did not identify specific accounts.

Questioned costs: None.

Context: During our testing of Special Tests and Provisions, we inquired about the Authority's depository agreements, noting that the Authority had not entered into the agreements.

Effect: Without proper agreements in place, the Authority may withdraw unauthorized funds from its bank accounts.

Cause: Inadequate internal controls to ensure that the Authority is in compliance with all applicable requirements.

Recommendation: We recommend that the Authority enter into the required agreements with its banking institutions identifying the specific accounts covered by the agreements.

Management Response:
Correction Plan:

1. Depository agreements have been completed.
2. A new banking relationship check list is used to control and insure that all required documents and signatures have been executed.
3. A staff person, assigned to banking relations will maintain these check lists with each bank.

BOULDER COUNTY HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section III—Federal Award Findings and Questioned Costs

Contact Person: Richard Sosa, Division Director of Finance and Operations
303-441-1090

BOULDER COUNTY HOUSING AUTHORITY

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Finding 2010-01

Material Weakness, Material Noncompliance

Summary: We noted that the Authority does not have the proper processes in place to ensure that unaudited financial information is submitted to the Department of Housing and Urban Development (HUD) timely, as the Authority failed to report this information for 2010 in a timely manner. We recommended that processes be established to ensure that all financial information required under the Uniform Financial Reporting Standards (24 CFR Section 5.801) is reported to HUD on a timely basis.

Status: This finding is repeated in the current year, as Finding 2011-01.

Finding 2010-02

81.042 – Weatherization Assistance for Low Income Persons
93.558 – Temporary Assistance for Needy Families (TANF)

**Allowable Costs
Significant Deficiency**

Summary: We noted that there was no documentation that a review was conducted by someone other than the preparer of certain entries related to payroll transactions charged to both the Weatherization program and the TANF program. We recommended that the Authority assign responsibilities of oversight for the personnel charges to an individual who is knowledgeable about employee's activities.

Status: The finding has been resolved.