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**Gunnison Valley Regional Housing Authority**

**Financial Report**

**December 31, 2016**

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**Gunnison Valley Regional Housing Authority  
Financial Report  
December 31, 2016**

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***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors  
Gunnison Valley Regional Housing Authority

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Gunnison Valley Regional Housing Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Gunnison Valley Regional Housing Authority as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Blair and Associates, P.C.***

Cedaredge, Colorado  
August 16, 2017

**Gunnison Valley Regional Housing Authority**  
**Balance Sheet/ Statement of Net Position**  
**December 31, 2016**

<b>Assets</b>	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
Cash and cash equivalents- unrestricted	\$ 148,923	\$ -	\$ 148,923
Restricted cash	523,333		523,333
Due from other Governments	60,996	-	60,996
Anthracite Place Apartments, LLC	-	1,030,600	1,030,600
<b>Total assets</b>	<b>\$ 733,252</b>	<b>1,030,600</b>	<b>1,763,852</b>
<b>Liabilities</b>			
Accounts payable	\$ 51,938	-	51,938
Loan payable	500,334	-	500,334
<b>Total liabilities</b>	<b>552,272</b>	<b>-</b>	<b>552,272</b>
<b>Fund Balance/Net Position</b>			
<b>Spendable:</b>			
Restricted for emergencies	10,000	(10,000)	-
Restricted for LIHTC project	22,248	(22,248)	-
Unassigned	148,732	(148,732)	-
<b>Total Fund Balance</b>	<b>180,980</b>	<b>(180,980)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 733,252</b>		
<b>Net position</b>			
Restricted for emergencies		10,000	10,000
Restricted for LIHTC project		22,248	22,248
Unrestricted		1,179,332	1,179,332
<b>Total Net Position</b>		<b>\$ 1,211,580</b>	<b>\$ 1,211,580</b>

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

**Gunnison Valley Regional Housing Authority**  
**Statement of Revenues, Expenses and Changes in Fund Balance/**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Operating Revenues</b>			
U.S. Housing and Urban Development Grant	\$ 16,876	\$ -	\$ 16,876
Local Government Contributions	207,500	-	207,500
Other Revenue	38,902	-	38,902
Services and development fees	65,365	-	65,365
<b>Total Revenues</b>	<u>328,643</u>	<u>-</u>	<u>328,643</u>
<b>Expenditures/Expenses</b>			
Telephone and internet	3,518	-	3,518
Postage	290	-	290
Photocopy and office supplies	3,797	-	3,797
Professional services	3,928	-	3,928
Auditing	5,950	-	5,950
Insurance	3,430	-	3,430
Rent	9,750	-	9,750
Salaries and benefits	216,724	-	216,724
Miscellaneous	316	-	316
Advertising and legal notices	595	-	595
Travel and classes	3,569	-	3,569
Meals and lodging	344	-	344
Dues and meetings	375	-	375
Anthracite Place apartments	16,453	-	16,453
Needs assessment	77,500	-	77,500
Administrative services	5,044	-	5,044
<b>Total Expenditures/Expenses</b>	<u>351,583</u>	<u>-</u>	<u>351,583</u>
<b>Operating income</b>	(22,940)	-	(22,940)
<b>Net position, January 1</b>	<u>203,920</u>	<u>1,030,600</u>	<u>1,234,520</u>
<b>Net position, December 31</b>	<u>\$ 180,980</u>	<u>\$ 1,030,600</u>	<u>\$ 1,211,580</u>

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

**Gunnison Valley Regional Housing Authority**  
**Statement of Revenues, Expenses and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget Variance</b>
<b>Operating Revenues</b>				
U.S. Housing and Urban Development Grant	\$ 15,360	\$ 15,360	\$ 16,876	\$ 1,516
Local Government Contributions	207,500	207,500	207,500	-
Other Revenue	19,164	19,164	38,902	19,738
Services and development fees	61,000	61,000	65,365	4,365
<b>Total Revenues</b>	<u>303,024</u>	<u>303,024</u>	<u>328,643</u>	<u>25,619</u>
<b>Expenditures/Expenses</b>				
Telephone and internet	5,650	5,650	3,518	2,132
Postage	1,100	1,100	290	810
Photocopy and office supplies	5,700	5,700	3,797	1,903
Professional services	14,460	14,460	3,928	10,532
Auditing	6,250	6,250	5,950	300
Insurance	5,380	5,380	3,430	1,950
Rent	10,200	10,200	9,750	450
Salaries and benefits	213,073	213,073	216,724	(3,651)
Miscellaneous	-	-	316	(316)
Advertising and legal notices	900	900	595	305
Travel and classes	10,350	10,350	3,569	6,781
Meals and lodging	2,100	2,100	344	1,756
Dues and meetings	2,040	2,040	375	1,665
Anthracite Place apartments	-	-	16,453	(16,453)
Needs assessment	-	-	77,500	(77,500)
Administrative services	5,775	5,775	5,044	731
<b>Total Expenditures/Expenses</b>	<u>282,978</u>	<u>282,978</u>	<u>351,583</u>	<u>(68,605)</u>
<b>Change in Fund Balance</b>	<u>\$ 20,046</u>	<u>\$ 20,046</u>	<u>\$ (22,940)</u>	<u>\$ (42,986)</u>

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

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1- Summary of Significant Accounting Policies**

The Gunnison Valley Regional Housing Authority (the "Authority") is a multijurisdictional housing authority incorporated under the laws of the State of Colorado. The Authority is created to effect the planning, financing, acquisition, construction, reconstruction or repair, maintenance, management, and operation of housing projects or programs pursuant to a multijurisdictional plan to provide: (a) dwelling accommodations at rental prices or purchase prices within the means of families of low or moderate income; and (b) affordable housing projects or programs for employees of employers located within the jurisdiction of the Authority.

The Authority was authorized via an intergovernmental agreement effective July 1, 2012. The first year of operations for the Authority began on January 1, 2013. Participating municipalities include Gunnison County, City of Gunnison, Town of Crested Butte, and the Town of Mt. Crested Butte.

The Authority's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (statements and Interpretations). The more significant accounting policies established by GAAP used by the Authority are discussed below.

**A. Reporting Entity**

The Authority is governed by a nine member appointed Board, two by the Board of Gunnison County Commissioners, two by the Gunnison City Council, two by the Town Council of Crested Butte, two by the Town of Mount Crested Butte and one member at-large. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the Authority since none were discovered to fall within the oversight responsibility based on the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**B. Government-Wide and Fund Financial Statements**

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds).

**Government-Wide Financial Statements**

Both the government-wide and fund financial statements categorize primary activities as either governmental (i.e., normally supported by taxes and intergovernmental revenues) or business-type (i.e., relying to a significant extent on fees and charges for support) activities. Currently, the Authority performs only governmental activities.

In the Balance Sheet/Statement of Net position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported in three parts - investment in capital assets, restricted and unrestricted. The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1- Summary of Significant Accounting Policies (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

**Fund Financial Statements**

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Authority reports only one fund – the General Fund – which accounts for all activities of the government. Contributions and other sources of revenue used to finance the fundamental operations of the Authority are included in this fund.

**C. Measurement Focus and Basis of Accounting**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1- Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts**

**Cash and Cash Equivalents**

Cash and Cash Equivalents are defined as deposits that can be withdrawn at any time without notice or penalty, and investments with original maturities of three months or less.

**Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the Authority considers all accounts to be collectible.

**Fund Balance**

The Authority classifies governmental fund balance as follows:

Non-spendable- includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Authority Board of Directors.

Committed- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Authority Board of Directors.

Assigned- includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Authority Board of Directors or its management designee.

Unassigned- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1- Summary of Significant Accounting Policies (continued)**

**D. Financial Statements Accounts (continued)**

**Use of Estimates**

The Preparation of financial statements in conformity with U.S. GAAP requires the Authority's 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 reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any items that qualify for reporting in this category at December 31, 2016.

In addition to Liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Authority does not have any items that qualify for reporting in this category at December 31, 2016.

**Subsequent Events**

Management has evaluated subsequent events through August 16, 2017, the date these financial statements were available to be issued.

**Note 2- Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position.**

The governmental fund Balance Sheet includes reconciliation between *Fund balance- Governmental Funds and Net Position- Governmental activities* as reported in the government-wide Statement of Net Position. The Authority does have one reconciling item, which was capitalization of LIHTC project, at December 31, 2016.

**Explanation of certain differences between the governmental fund statement of Revenues, Expenditures, and Changes in Fund Balance and government-wide Statement of Activities.**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *Net Change in fund balance- Governmental funds* and *Changes in Net Position- Governmental activities* as reported in the governmental-wide Statement of Activities.

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 3- Stewardship, Compliance, and Accountability**

**Budgets and Budgetary Accounting**

In the fall of each year, the Authority's Board of Directors formally adopts budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. GAAP.

- (1) On or before October 15, the Authority submits to the Board a recommended budget that detailed the revenues necessary to meet the Authority's operating requirements.
- (2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15.
- (3) After Adoption of the initial budget resolution, the Authority may make the following changes:  
(a) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) it may approve emergency appropriations; and (c) it may reduce appropriations for which originally estimated revenues are insufficient.

**Tabor Amendment**

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, and salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the Authority has reserved \$10,000 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2016.

The Authority's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 4- Detailed Notes on All Funds**

**Deposits and Investments**

*Deposits* - Colorado state statutes govern the entity's deposits of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the un-insured public deposits as a group. The market value of the assets in the pool must be at least equal to the un-insured deposits.

At year-end carrying value of the Authority's deposits was \$ 672,156 and bank balance was \$ 682,375. Of the total bank balance, \$250,000 was covered by FDIC insurance.

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the Authority, restricts the maximum investment term to less than five years from the purchase date.

**Credit Risk.** State law and Authority policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Authority's general investment policy is to apply the prudent-person rule: Investments are made a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and , in general, avoid speculative investments.

**Concentration of Credit Risk.** The Authority diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed.

**Receivables**

At December 31, 2016, the Authority's receivables of \$60,996 were comprised of charges for services and other revenues remitted to the Authority in 2017.

**Note 5- Other Information**

**Legal Claims**

During the normal course of business, the Authority incurs claims and other assertions against it from various agencies and individuals. Management of the Authority and their legal counsel feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2016.

**Gunnison Valley Regional Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 5- Other Information (continued)**

**Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; and errors or omissions. The Authority has obtained coverage through contracting with an outside insurance agency for these risks and claims, if any, which are not expected to exceed covered amounts.

**Intergovernmental Agreement**

Effective July 10, 2012, the Authority entered into an intergovernmental agreement (the "Agreement") with the Gunnison County, City of Gunnison, Town of Crested Butte and Town of Mt. Crested Butte to establish the Authority. The Agreement will remain effective indefinitely but can be terminated by approval of seventy-five percent (75%) of the full Board of Directors.

The organizing members have agreed to fund the Authority the following amounts:

Gunnison County	\$90,000
City of Gunnison	\$36,000
Town of Crested Butte	\$48,000
Town of Mt. Crested Butte	\$33,500

**Lease Agreement**

On December 18, 2012 the Authority entered into a lease agreement with Gunnison County for property that is used for office space. The term of the lease is from January 1, 2012 through December 31, 2017. The Authority will pay \$812.50 per month for the 60 month lease term.

**Note 6- Anthracite Park Apartments, LLC**

The construction of the Anthracite Park Apartments, LLC was completed in 2016 at a cost of \$5,485,455. The Authority has a promissory note with Anthracite Park Apartments, LLC for \$1,030,600 which is their investment in the LLC. The note is payable on July 1, 2047 or if the Authority exercises its rights to buy-out the investor after the 15 year period or in 2030.