
Boulder Housing Partners

Federal Awards Supplemental Information
December 31, 2017

Independent Auditor's Reports

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Boulder Housing Partners

We have audited the accompanying financial statements of the primary government business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Boulder, Colorado, a Colorado Housing Authority d/b/a Boulder Housing Partners (BHP or the "Authority") as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 17, 2018, which contained unmodified opinions on the financial statements of the primary government business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Boulder, Colorado, a Colorado Housing Authority d/b/a Boulder Housing Partners. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to May 17, 2018.

The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis as required by the Uniform Guidance and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

May 17, 2018

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*

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*

Independent Auditor's Report

To Management and the Board of Commissioners
Boulder Housing Partners

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the primary government business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Boulder, Colorado, a Colorado Housing Authority d/b/a Boulder Housing Partners (BHP or the "Authority") as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 17, 2018. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To Management and the Board of Commissioners
Boulder Housing Partners

Purpose of this Report

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

Plante & Moran, PLLC

May 17, 2018

Report on Compliance for Each Major Federal
Program and Report on Internal Control Over
Compliance

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Commissioners
Boulder Housing Partners

Report on Compliance for Each Major Federal Program

We have audited Boulder Housing Partners' (BHP or the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Boulder Housing Partners' major federal programs for the year ended December 31, 2017. Boulder Housing Partners' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boulder Housing Partners' major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boulder Housing Partners' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

To the Board of Commissioners
Boulder Housing Partners

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2017-001, that we consider to be a significant deficiency.

Boulder Housing Partners' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Boulder Housing Partners' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Plante & Moran, PLLC

May 17, 2018

Boulder Housing Partner

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA #	Program/Project #	Award Amount	Federal Expenditures	Total Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development - Cluster - Direct program - Section 8 New Construction and Substantial Rehabilitation	14.182	101-35253-NP-WAH-L8 CP	\$ 615,107	\$ 615,107	\$ -
Other federal awards:					
Direct programs:					
Moving to Work	14.881	N/A	8,516,903	8,908,664	-
Rent Supplements - Rental Housing for Lower-income Families	14.149	101-35034 GW	191,575	191,575	-
Housing Assistance Program - Section 8 Housing Choice Vouchers	14.871	N/A	2,367,313	2,418,531	-
Supportive Housing for Persons with Disabilities - 50 MS Vouchers	14.181	N/A	542,605	529,599	-
Resident Opportunity and Support Services - Ross Grant - 2013	14.870	CO016RPS091A013	246,000	79,084	-
Supportive Housing Program:					
McKinney Grant - Supportive Needs Assistance - 2016	14.235	CO0044L8T031508	29,618	10,347	-
McKinney Grant - Supportive Needs Assistance - 2017	14.235	CO0044B8T031609	29,618	18,720	-
McKinney Grant - Supportive Needs Assistance - 2016	14.235	CO0077L8T031507	337,611	285,319	-
McKinney Grant - Supportive Needs Assistance - 2017	14.235	CO0077L8T031608	337,611	56,461	-
McKinney Grant - Supportive Needs Assistance - 2016	14.235	CO0199L8T031502	176,517	146,892	-
McKinney Grant - Supportive Needs Assistance - 2017	14.235	CO0119L8T031603	176,517	30,734	-
Total Supportive Housing Program			<u>1,087,492</u>	<u>548,473</u>	-
Total federal assistance			<u>\$ 13,566,995</u>	<u>\$ 13,291,033</u>	<u>\$ -</u>

See notes to schedule of expenditures
of federal awards.

Boulder Housing Partners

**Reconciliation of Basic Financial Statements Federal Revenue
with Schedule of Expenditures of Federal Awards**

Year Ended December 31, 2017

HUD PHA operating grants, other federal grants, and capital grants - As reported on financial statements	\$ 12,974,973
Timing differences for Moving to Work and Section 8 Housing Vouchers	329,066
Use of restricted net assets	<u>(13,006)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 13,291,033</u></u>

Notes to Schedule of Expenditures of Federal Awards

December 31, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Boulder Housing Partners (BHP or the "Authority") under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Boulder Housing Partners, it is not intended to and does not present the financial position, changes in net position, or cash flows of Boulder Housing Partners.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Boulder Housing Partners has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.881	Moving to Work Demonstration Program	Unmodified
14.871	Section 8 Housing Choice Vouchers	Unmodified

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Boulder Housing Partners

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2017-001	<p>CFDA Number, Federal Agency, and Program Name - U.S. Department of Housing and Urban Development - Direct programs - Section 8 Housing Choice Vouchers - 14.871</p> <p>Federal Award Identification Number and Year - Not applicable</p> <p>Pass-through Entity - Not applicable</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - Under the Housing Choice Voucher Program, the Authority accepts applications for rental assistance, selects applicants for admission, and issues family vouchers confirming eligibility. The Authority pays the owner of the unit that the family leases a portion of the rent (Housing Assistance Payment - HAP) on behalf of the family. Under 24 CFR 5.230, 5.609, and 982.516, the Authority must verify and maintain documents supporting family income eligibility. This process needs to be performed annually. 24 CFR 982.516 (f) requires PHAs to establish procedures that are appropriate and necessary to ensure that income data provided by the applicant or participant families is accurate and complete.</p> <p>Condition - One participant file tested did not include complete information to support eligibility.</p> <p>Questioned Costs - \$960</p> <p>Identification of How Questioned Costs Were Computed - The questioned costs were determined by totaling the amount that the HAP payments changed for the one tenant whose income calculation was incorrect.</p> <p>Context - Twelve tenant files were tested, and one tenant file had an error in the income calculation reported on the HUD-50058.</p> <p>Cause and Effect - The Authority is not completely following the policies and procedures it has in place to ensure proper and timely compliance with regard to tenant rent calculations. The Authority could be charging the incorrect amount of rent or could be housing ineligible tenants.</p> <p>Recommendation - The Authority should establish procedures to ensure participant eligibility is documented and accurate. Periodic internal review of tenant files would help identify errors/omissions in a timely manner.</p> <p>Views of Responsible Officials and Corrective Action Plan - The Authority's staff has not properly followed the policies and procedures that are in place. Management will institute an internal review of a sample of files to insure the existing policies are consistently followed.</p>	\$960