



Yampa Valley Housing Authority
Steamboat Springs, Colorado

Financial Statements

For the Year Ended December 31, 2020

**Yampa Valley Housing Authority
Financial Statements
December 31, 2020**

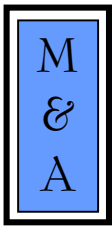
Table of Contents

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	A1 – A3
MANAGEMENT’S DISCUSSION and ANALYSIS	B1 – B6
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of the Balance Sheet of Governmental Funds to the Governmental Statement of Net Position	C4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	C5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental Statement of Activities	C6
Statement of Net Position – Proprietary Funds	C7
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	C8
Statement of Cash Flows – Proprietary Funds	C9
NOTES to the FINANCIAL STATEMENTS	D1 – D21
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Major Governmental Funds:	
General Fund	E1
Development Fund	E2
Down Payment Loan Fund	E3

**Yampa Valley Housing Authority
Financial Statements
December 31, 2020**

**Table of Contents
(Continued)**

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Major Proprietary Funds:	
Hillside Village Apartments	F1
Fish Creek Mobile Home Park	F2
<i>Multi-Family Housing Borrower Balance Sheet</i> – Form RD 3560-10	F3 – F4
<i>Multiple Family Housing Project Budget</i> – Form RD 3560-7	F5 – F7
<i>Performance Standards Borrower Self-Certification Letter</i> – Form HB-2-3560 Attachment 4-C	F8 – F9
FEDERAL AWARDS COMPLIANCE:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	G1 – G2
Independent Auditor's Report on Compliance for Each Major Program; and on Internal Control Over Compliance Required by the Uniform Guidance	G3 – G4
Schedule of Findings and Questioned Costs	G5
Schedule of Prior Year Audit Findings and Questioned Costs	G6
Schedule of Expenditures of Federal Awards	G7



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yampa Valley Housing Authority (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes 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 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 Authority'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 Authority'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 financial statement presentation.

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

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Yampa Valley Housing Authority as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis in section B, as listed in the Table of Contents, 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 statement 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements taken as a whole. The individual fund budgetary information on pages F1 – F2, as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the Authority's financial statements. The supplemental schedules on pages F3 – F9 are presented for the purpose of additional analysis, as required by the *United States Department of Agriculture RD Handbook HB-2-3560*, and are not a required part of the financial statements. The information in section F, as listed in the table of Contents, 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. Such 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.

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado**

Other Matters (continued)

Additionally, the Schedule of Expenditures of Federal Awards included in the Federal Awards Compliance in section G, as listed in the Table of Contents, is presented for the purpose of additional analysis, as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and is not a required part of the Authority's financial statements. Such 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 statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 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* in considering the Authority's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
March 29, 2021**



MANAGEMENT'S DISCUSSION AND ANALYSIS

Yampa Valley Housing Authority Management's Discussion and Analysis December 31, 2020

As management of the Yampa Valley Housing Authority, (the "Authority"), we offer readers of the Authority's financial statements this narrative summary of the financial activities of the Authority for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's 2020 financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities and deferred inflows of resources at December 31, 2020 by \$8,279,874.
- The Authority's net position increased by \$981,925 in 2020.
- As a result of a voter-approved ballot measure in November 2017, the Authority collected property taxes in 2020 totaling \$964,293 for the year.
- The Authority's aggregate governmental fund balances decreased by \$642,950, as the General Administrative Fund balance increased by \$17,320 but the Development Fund balance declined by \$543,007 and the Down Payment Loan Fund balance decreased by \$117,263.
- The Authority's total business-type activities net position increased by \$31,659.

OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These components are discussed below.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and other general revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Authority include administrative services related to housing in Routt County, Colorado (the "County"), as well as development and down payment assistance. The Authority's business-type activities comprise the operation of Fish Creek Mobile Home Park (a 68-lot mobile home park in Steamboat Springs, Colorado which provides rental housing for low-income residents), and Hillside Village Apartments (a 55-unit apartment project in Steamboat Springs, Colorado which provides rental housing for low-income residents).

The Authority's government-wide financial statements can be found on pages C1 and C2 of this report.

OVERVIEW of the FINANCIAL STATEMENTS (continued)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations for both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances facilitate this comparison between governmental funds and governmental activities.

As required by Colorado statutes, the Authority is required to adopt an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for all funds to demonstrate compliance.

The basic governmental fund financial statements can be found on pages C3 through C6.

Proprietary Funds: The Authority maintains proprietary funds; commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses enterprise funds to account the operations of its housing projects.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Authority, each of which is considered to be a major fund of the Authority.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report.

Notes to the Financial Statements: The notes provide additional information (e.g., background of the entity, accounting policies used by the Authority, etc.) that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: As previously discussed, the Authority adopts annual appropriated budgets for all its funds in accordance with Colorado statutes. The budgetary comparison schedules have been provided for all its funds to demonstrate compliance with the state budget law and are found on pages E1 through E3 for the Authority's governmental funds and on pages F1 through F2 for the Authority's proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table summarizes the Authority's net position for 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current assets	\$ 2,519,294	3,107,286	787,549	727,897	3,306,843	3,835,183
Other assets	3,908,477	2,244,794	-	-	3,908,477	2,244,794
Capital assets, net	-	127,000	6,391,134	6,528,484	6,391,134	6,655,484
Total Assets	6,427,771	5,479,080	7,178,683	7,256,381	13,606,454	12,735,461
Liabilities & Deferred Inflows:						
Current liabilities	32,857	32,382	72,781	53,028	105,638	85,410
Long-term liabilities	120,000	120,000	4,175,188	4,304,298	4,295,188	4,424,298
Deferred inflows	925,754	927,804	-	-	925,754	927,804
Total Liabilities & Deferred Inflows	1,078,611	1,080,186	4,247,969	4,357,326	5,326,580	5,437,512
Net Position:						
Net investment in capital assets	-	7,000	2,215,946	2,224,186	2,215,946	2,231,186
Restricted	471,446	566,709	40,793	34,761	512,239	601,470
Unrestricted	4,877,714	3,825,185	673,975	640,108	5,551,689	4,465,293
Total Net Position	\$ 5,349,160	4,398,894	2,930,714	2,899,055	8,279,874	7,297,949

The largest portion of the Authority's assets is capital assets, which includes land, buildings, land improvements, and equipment, net of accumulated depreciation. These assets are used in the operation of the Authority's housing projects. During 2020, the Authority's net capital assets decreased by a total of \$264,350; as depreciation expense and disposals (if any) exceeded capital asset additions for the year.

The Authority's long-term debt obligations relate to its acquisition and improvement of buildings and other assets for affordable housing. The Authority long-term liabilities attributable to its governmental activities relate to the purchase of land held for development. During 2020, the Authority's aggregate long-term debt decreased by a total of \$129,110 due to scheduled principal repayments.

The Authority's total net position – the extent to which assets exceeded liabilities – was \$8,279,874 at December 31, 2020. This comprises the Authority's net investment in capital assets (\$2,215,946), restricted net position (\$512,676 – which represents resources that are subject to external restrictions on how they may be used), and unrestricted net position (\$5,551,252), which may be used to meet the Authority's ongoing obligations. The Authority reports positive balances in both governmental and business-type activities components of net position at December 31, 2020.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table summarizes the changes in the Authority's net position for 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 105,281	66,900	661,066	657,826	766,347	724,726
Operating grants / contributions	224,707	227,228	191,908	183,569	416,615	410,797
General revenues:						
Taxes, interest and other revenue	1,093,949	1,085,873	1,726	5,236	1,095,675	1,091,109
Total Revenues	1,423,937	1,380,001	854,700	846,631	2,278,637	2,226,632
Expenses:						
General government	387,183	323,482	-	-	387,183	323,482
Development	86,488	157,465	-	-	86,488	157,465
Housing operations	-	-	823,041	780,905	823,041	780,905
Total Expenses	473,671	480,947	823,041	780,905	1,296,712	1,261,852
Transfers	-	-	-	-	-	-
Change in Net Position	950,266	899,054	31,659	65,726	981,925	964,780
Net Position - Beginning	4,398,894	3,499,840	2,899,055	2,833,329	7,297,949	6,333,169
Net Position - Ending	\$ 5,349,160	4,398,894	2,930,714	2,899,055	8,279,874	7,297,949

Governmental activities increased the Authority's net position by \$952,016 during 2020, accounting for 97% of the total change in net position for the year. The Authority's total 2020 governmental activities revenues increased \$43,936 from the prior year, primarily due to higher charges for services, specifically for management fees. Aggregate expenses for governmental activities decreased \$9,026 from 2019 levels.

The Authority's net position was increased \$29,909 during 2020 through business-type activities. Total 2020 business-type revenues increased by \$8,069 from 2019, while total business-type expenses increased \$43,886 in comparison to the prior year.

FINANCIAL ANALYSIS of the AUTHORITY'S FUNDS

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2020, the Authority's governmental funds reported combined ending fund balances of \$1,472,102; a decrease of \$641,200 in comparison with the prior year. The Authority reports an aggregate nominal negative unassigned governmental funds balance, but the remainder is not available for new spending because it has been restricted to provide an emergency reserve as required by the Colorado Taxpayers Bill of Rights ("TABOR") amendment (\$64,000), or has been restricted for other purposes (\$1,419,546).

FINANCIAL ANALYSIS of the AUTHORITY'S FUNDS (continued)

Governmental funds (continued):

The General Administrative Fund is the Authority's primary operating fund. At December 31, 2020, unassigned fund balance of the General Administrative Fund was (\$11,595) while total fund balance was \$52,556. The fund balance of the Authority's General Administrative Fund increased by \$19,070 during 2020, primarily as a result of decreased general and administrative expenditures as well as increased management fee income.

The Development Fund ended 2020 with a total fund balance of \$1,212,100; a decrease of \$543,007 from 2019 primarily as a result of capital contributions to the Sunlight Crossing project (see Note V.E), which are reported as expenditures at the fund level.

The fund balance of the Down Payment Loan Fund decreased \$117,263 during 2020, ending the year at \$207,446; as expenditures to fund loans and mortgages exceeded related revenues.

Proprietary funds:

The Authority's proprietary funds provide the same type of information found in the government-wide business-type financial statements, but in more detail.

As of December 31, 2020, the Authority's proprietary funds reported an aggregate net position of \$2,928,964; an increase of \$29,909 for the year. The majority (76%) of proprietary fund net position is represented by the Authority's net investment in proprietary fund capital assets, while \$671,788 is unrestricted and available for spending at the Authority's discretion.

The operations of Fish Creek Mobile Home Park Fund generated net income of \$96,801 for 2020.

A loss (decrease in net position) of \$66,892 was incurred by the Authority's Hillside Village Apartments Fund for 2020. Hillside Village Apartments had 2 units available at December 31, 2020.

The Authority is committed to serving the needs of low-income individuals, while balancing the financial goal of keeping the private / pay ratio sufficiently high so as to be able to maintain the facilities.

Budget Variances in the General Administrative Fund:

The Authority's General Administrative Fund ended 2020 \$19,070 ahead of budget, as revenues exceeded expectations by \$9,139; aggregate expenditures yielded a \$9,931 positive budget variance; and other financing sources (net transfers) were \$0 less than budgeted for the year.

The Authority noted the following significant variances from budget in the General Administrative Fund during 2020:

	Budget	Actual	Variance: Positive / (Negative)	Reason
Revenues:				
Mortgage income	19,300	24,802	5,502	Unbudgeted payments received on delinquent accounts
Expenditures:				
Wages and benefits	276,631	272,281	4,350	Additional employee and new Regional Property Manager position filled
Professional fees	9,150	(171)	9,321	Refund of unused legal retainer for Sunlight Crossing project
Contract labor	40,000	49,256	(9,256)	Additional services with implementation of new financial reporting software

CAPITAL ASSETS

In 2020, the Authority acquired capital asset additions totaling \$7,900 and had dispositions totaling \$127,000. Additional information about the Authority's capital assets can be found in the Notes to the Financial Statements in section D.

LONG-TERM DEBT

The Authority's long-term debt obligations relate to the purchase, construction and maintenance of the properties used in its proprietary funds for housing, and certain housing-related investments. During 2020, the Authority's aggregate long-term debt obligations decreased by a net amount of \$129,110 as a result of scheduled principal payments. Additional information regarding long-term debt can be found in the Notes to the Financial Statements in section D.

FUTURE EVENTS

In February 2020, the Authority executed a Memorandum of Understanding (the "MOU") to participate in the development, ownership, and operation of a proposed income restricted affordable apartment project (the "Project") in Steamboat Springs. Additional information regarding the MOU can be found in the Notes to the Financial Statements in section D.

REQUEST 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 government's finances.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Yampa Valley Housing Authority, P.O. Box 77452, Steamboat Springs, Colorado 80477.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

Yampa Valley Housing Authority
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments - Unrestricted	1,317,134	425,802	1,742,936
Restricted cash and investments	-	354,154	354,154
Tenant receivables, net	-	2,090	2,090
Accounts receivable, net	168,355	-	168,355
Property taxes receivables	930,984	-	930,984
Prepaid expenses	151	5,503	5,654
Program loans receivable:			
Principal receivable within one year	4,052	-	4,052
Principal receivable in more than one year	295,782	-	295,782
Interest receivable in more than one year	14,941	-	14,941
Notes receivable:			
Principal receivable within one year	71,165	-	71,165
Principal receivable in more than one year	928,835	-	928,835
Interest receivable within one year	8,712	-	8,712
Interest receivable in more than one year	166,208	-	166,208
Mortgages receivable:			
Principal receivable within one year	18,741	-	18,741
Principal receivable in more than one year	377,481	-	377,481
Investments in LLCs	2,125,230	-	2,125,230
Capital assets not being depreciated	-	4,007,078	4,007,078
Capital assets, net of accumulated depreciation	-	2,384,056	2,384,056
Total Assets	6,427,771	7,178,683	13,606,454
Liabilities:			
Accounts payable	18,734	23,558	42,292
Taxes and benefits payable	1,784	-	1,784
Accrued interest	1,700	6,375	8,075
Unearned revenue	-	11,361	11,361
Compensated absences	10,639	6,086	16,725
Tenant security deposits	-	25,401	25,401
Long-term debt payable:			
Due within one year	42,699	132,775	175,474
Due in more than one year	77,301	4,042,413	4,119,714
Total Liabilities	152,857	4,247,969	4,400,826
Deferred Inflows of Resources:			
Property taxes	925,754	-	925,754
Net Position:			
Net investment in capital assets	-	2,215,946	2,215,946
Restricted:			
Emergencies	64,000	-	64,000
Operations and maintenance reserve	200,000	40,793	240,793
Revolving loan fund	207,446	-	207,446
Unrestricted	4,877,714	673,975	5,551,689
Total Net Position	5,349,160	2,930,714	8,279,874

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

Yampa Valley Housing Authority
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	387,183	105,281	157,000	-	(124,902)	-	(124,902)
Development	86,488	-	67,707	-	(18,781)	-	(18,781)
Total - Governmental activities	473,671	105,281	224,707	-	(143,683)	-	(143,683)
Business-type activities:							
Housing	823,041	661,066	191,908	-	-	29,933	29,933
Total - Business-type activities	823,041	661,066	191,908	-	-	29,933	29,933
Total	1,296,712	766,347	416,615	-	(143,683)	29,933	(113,750)
General revenues:							
Property tax revenue					964,293	-	964,293
Specific ownership tax					63,046	-	63,046
Investment earnings					63,111	1,726	64,837
Miscellaneous income					3,499	-	3,499
Total - General revenues and transfers					<u>1,093,949</u>	<u>1,726</u>	<u>1,095,675</u>
Change in Net Position					950,266	31,659	981,925
Net Position - Beginning					<u>4,398,894</u>	<u>2,899,055</u>	<u>7,297,949</u>
Net Position - Ending					<u><u>5,349,160</u></u>	<u><u>2,930,714</u></u>	<u><u>8,279,874</u></u>

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



**YAMPA VALLEY
HOUSING AUTHORITY**

FUND FINANCIAL STATEMENTS

Yampa Valley Housing Authority
Balance Sheet
Governmental Funds
December 31, 2020
(With Comparative Totals for December 31, 2019)

	2020			2019	
	General Administrative Fund	Development Fund	Down Payment Loan Fund	Total	Total
Assets:					
Cash and investments - Unrestricted	18,056	1,078,232	220,846	1,317,134	2,037,280
Accounts receivable, net	39,520	128,835	-	168,355	96,969
Property taxes receivable	-	930,984	-	930,984	933,483
Prepaid expenses	151	-	-	151	-
Total Assets	<u>57,727</u>	<u>2,138,051</u>	<u>220,846</u>	<u>2,416,624</u>	<u>3,067,732</u>
Liabilities:					
Accounts payable	5,137	197	13,400	18,734	26,281
Taxes and benefits payable	1,784	-	-	1,784	-
Tenant security deposits	-	-	-	-	345
Total Liabilities	<u>6,921</u>	<u>197</u>	<u>13,400</u>	<u>20,518</u>	<u>26,626</u>
Deferred Inflows of Resources:					
Property taxes	-	925,754	-	925,754	927,804
Total Deferred Inflows of Resources	<u>-</u>	<u>925,754</u>	<u>-</u>	<u>925,754</u>	<u>927,804</u>
Fund Balances:					
Non-spendable:					
Prepays	151	-	-	151	-
Restricted for down payment assistance	-	-	207,446	207,446	324,709
Restricted for future development	-	1,212,100	-	1,212,100	1,755,107
Restricted for emergencies	64,000	-	-	64,000	42,000
Unassigned	(13,345)	-	-	(13,345)	(8,514)
Total Fund Balances	<u>50,806</u>	<u>1,212,100</u>	<u>207,446</u>	<u>1,470,352</u>	<u>2,113,302</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>57,727</u>	<u>2,138,051</u>	<u>220,846</u>	<u>2,416,624</u>	<u>3,067,732</u>

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

Yampa Valley Housing Authority
Reconciliation of the Balance Sheet of Governmental Funds
to the Governmental Statement of Net Position
December 31, 2020

Total Fund Balances - Governmental funds		1,470,352
<p>Long-term receivables related to governmental activities are not currently available financial resources and, therefore, are not reported in the funds. The following long-term receivables are held at year end:</p>		
Program receivables	314,775	
Notes receivable	1,174,920	
Mortgages receivable	<u>396,222</u>	
		1,885,917
<p>Investments related to governmental activities are not currently available financial resources and, therefore, are not reported in governmental funds.</p>		
		2,125,230
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities include the following:</p>		
Compensated absences	(10,639)	
Participation Agreement note payable - Alpenglow Village project	(120,000)	
Participation Agreement interest payable - Alpenglow Village project	<u>(1,700)</u>	
		<u>(132,339)</u>
Total net position - Governmental activities		<u><u>5,349,160</u></u>

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

Yampa Valley Housing Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020			2019	
	General Administrative Fund	Development Fund	Down Payment Loan Fund	Total	Total
Revenues:					
Property taxes	-	964,293	-	964,293	913,861
Specific ownership tax	-	63,046	-	63,046	58,206
Grants and contributions	132,000	43,532	-	175,532	215,303
Management fees	104,900	-	-	104,900	66,900
Mortgage income	24,802	-	-	24,802	20,587
Investment earnings	10	22,643	3,705	26,358	56,917
Down payment loan principal repayments	-	-	18,932	18,932	12,725
Distributions from projects	-	24,175	-	24,175	11,925
Bad debt recovery	-	-	-	-	4,657
Other	1,646	1,853	-	3,499	17,936
Total Revenues	<u>263,358</u>	<u>1,119,542</u>	<u>22,637</u>	<u>1,405,537</u>	<u>1,379,017</u>
Expenditures:					
General government:					
Wages and benefits	272,281	-	-	272,281	215,899
Office expenses	2,281	-	-	2,281	2,641
Professional fees	(171)	-	-	(171)	13,027
General and administrative	27,492	-	2,500	29,992	51,147
Contract labor	49,256	-	-	49,256	35,698
Utilities	3,297	-	-	3,297	3,072
Direct assistance	-	-	133,400	133,400	27,807
Other	364	-	-	364	2,207
Development:					
Professional fees	-	-	-	-	11,297
Treasurer fees	-	27,516	-	27,516	24,995
Capital contributions	-	1,600,000	-	1,600,000	725,100
Other	-	88	-	88	960
Debt service:					
Principal	-	-	-	-	50,601
Interest	-	-	-	-	215
Total Expenditures	<u>354,800</u>	<u>1,627,604</u>	<u>135,900</u>	<u>2,118,304</u>	<u>1,164,666</u>
Excess (Deficiency) of Revenues Over Expenditures	(91,442)	(508,062)	(113,263)	(712,767)	214,351
Other Financing Sources (Uses):					
Sale of assets	-	69,817	-	69,817	-
Transfers in	108,762	-	-	108,762	43,431
Transfers (out)	-	(104,762)	(4,000)	(108,762)	(43,431)
Total Other Financing Sources (Uses)	<u>108,762</u>	<u>(34,945)</u>	<u>(4,000)</u>	<u>69,817</u>	<u>-</u>
Net Change in Fund Balances	17,320	(543,007)	(117,263)	(642,950)	214,351
Fund Balances - Beginning	<u>33,486</u>	<u>1,755,107</u>	<u>324,709</u>	<u>2,113,302</u>	<u>1,898,951</u>
Fund Balances - Ending	<u>50,806</u>	<u>1,212,100</u>	<u>207,446</u>	<u>1,470,352</u>	<u>2,113,302</u>

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

Yampa Valley Housing Authority
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Governmental Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total governmental funds (642,950)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report Down Payment Assistance outlays as expenditures and repayments as revenue. However, in the government-wide Statement of Activities, Down Payment Assistance outlays are reported as increases in notes receivable, repayments are reported as decreases in those notes receivable, and interest earned on those notes are reported as revenue. These are the changes in Down Payment Assistance for the year:

Down Payment Assistance outlays	133,400	
Down Payment Assistance repayments	(18,932)	
Accrued interest on program loans	3,134	
		117,602

Some revenues reported in the Statement of Activities are not from the receipt of current financial resources and therefore are not reported as revenues in the governmental funds:

Accrued interest on notes receivable	34,000	
		34,000

Repayment of long-term receivables are revenues in governmental funds, but they reduce long-term receivables in the Statement of Net Position and do not affect the Statement of Activities. The following repayments were made during the year:

Mortgages receivable	(24,802)	
		(24,802)

Governmental funds report initial investments in LLCs as expenditures. However, in the government-wide Statement of Activities, outlays for investments in LLCs are reported as increases in assets.

Investment in LLC	1,600,000	
		1,600,000

Long-term capital assets - which are not reported in governmental funds - are routinely sold or retired. This is the book value of capital assets retired in the current year.

(127,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Participation Agreement expense for Alpenglow Village project	(1,700)	
Change in accrued compensated absences	(4,884)	
		(6,584)

Change in Net Position of Governmental Activities 950,266

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

Yampa Valley Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2020
(With Comparative Totals for December 31, 2019)

	2020			2019
	Hillside Village Apartments	Fish Creek Mobile Home Park	Total	Total
Assets:				
Current assets:				
Cash and investments - Unrestricted	109,727	316,075	425,802	379,031
Restricted cash and investments	174,154	180,000	354,154	337,281
Tenant receivables, net	350	1,740	2,090	4,860
Prepaid expenses	1,281	4,222	5,503	6,725
Total - Current assets	<u>285,512</u>	<u>502,037</u>	<u>787,549</u>	<u>727,897</u>
Capital assets not being depreciated	450,000	3,557,078	4,007,078	4,007,078
Capital assets, net of accumulated depreciation	<u>1,157,665</u>	<u>1,226,391</u>	<u>2,384,056</u>	<u>2,521,406</u>
Total Assets	<u>1,893,177</u>	<u>5,285,506</u>	<u>7,178,683</u>	<u>7,256,381</u>
Liabilities:				
Current liabilities:				
Accounts payable	16,976	6,582	23,558	-
Accrued interest	-	6,375	6,375	6,382
Deferred revenue	61	11,300	11,361	12,380
Compensated absences	5,573	513	6,086	7,924
Tenant security deposits	25,401	-	25,401	26,342
Long-term debt due within one year	8,286	124,489	132,775	129,352
Total - Current liabilities	<u>56,297</u>	<u>149,259</u>	<u>205,556</u>	<u>182,380</u>
Long-term liabilities:				
Long term debt due in more than one year	<u>1,095,833</u>	<u>2,946,580</u>	<u>4,042,413</u>	<u>4,174,946</u>
Total Liabilities	<u>1,152,130</u>	<u>3,095,839</u>	<u>4,247,969</u>	<u>4,357,326</u>
Net Position:				
Net investment in capital assets	503,546	1,712,400	2,215,946	2,224,186
Operations and maintenance reserves	-	40,793	40,793	34,761
Unrestricted	<u>237,501</u>	<u>436,474</u>	<u>673,975</u>	<u>640,108</u>
Total Net Position	<u>741,047</u>	<u>2,189,667</u>	<u>2,930,714</u>	<u>2,899,055</u>

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

Yampa Valley Housing Authority
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020			2019
	Hillside Village Apartments	Fish Creek Mobile Home Park	Total	Total
Operating Revenues:				
Rents	265,986	382,074	648,060	647,953
Rent subsidy	146,189	-	146,189	137,850
Interest subsidy	45,719	-	45,719	45,719
Application fees	419	240	659	1,403
Laundry and vending	3,962	-	3,962	3,562
Other tenant charges	6,921	-	6,921	4,308
Other revenue	1,207	257	1,464	600
Total Operating Revenues	470,403	382,571	852,974	841,395
Operating Expenses:				
Wages and benefits	147,928	11,033	158,961	151,740
Professional fees	8,000	7,319	15,319	12,111
Management fees	33,600	33,300	66,900	66,900
Utilities	70,658	50,274	120,932	117,436
Repairs and maintenance	15,383	11,243	26,626	31,557
Snow removal	22,135	23,949	46,084	39,442
Railroad licenses	-	6,701	6,701	6,505
Manager unit rent	8,268	-	8,268	8,268
Insurance	13,421	-	13,421	12,554
Depreciation	109,096	36,154	145,250	145,249
Other expenses	40,957	19,351	60,308	32,411
Total Operating Expenses	469,446	199,324	668,770	624,173
Income (Loss) From Operations	957	183,247	184,204	217,222
Non-operating Revenues (Expenses):				
Investment earnings	39	1,687	1,726	5,236
Interest expense	(67,888)	(86,383)	(154,271)	(156,732)
Total Non-operating Revenues (Expenses)	(67,849)	(84,696)	(152,545)	(151,496)
Change in Net Position	(66,892)	98,551	31,659	65,726
Net Position - Beginning	807,939	2,091,116	2,899,055	2,833,329
Net Position - Ending	741,047	2,189,667	2,930,714	2,899,055

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

Yampa Valley Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020			2019
	Hillside Village Apartments	Fish Creek Mobile Home Park	Total	Total
Cash Flows From Operating Activities:				
Cash received from tenants and others	424,865	384,220	809,085	806,245
Cash paid for goods and services	(344,927)	(155,652)	(500,579)	(480,820)
Other cash receipts	45,780	(1,080)	44,700	45,404
Net Cash Provided (Used) by Operating Activities	<u>125,718</u>	<u>227,488</u>	<u>353,206</u>	<u>370,829</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(7,900)	(7,900)	(46,053)
Principal paid on capital debt	(7,795)	(121,315)	(129,110)	(126,456)
Interest paid on capital debt	(67,889)	(86,389)	(154,278)	(156,934)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(75,684)</u>	<u>(215,604)</u>	<u>(291,288)</u>	<u>(329,443)</u>
Cash Flows From Investing Activities:				
Interest on investments	39	1,687	1,726	5,236
Net Cash Provided (Used) by Investing Activities	<u>39</u>	<u>1,687</u>	<u>1,726</u>	<u>5,236</u>
Net Change in Cash and Cash Equivalents	50,073	13,571	63,644	46,622
Cash and Cash Equivalents - Beginning	<u>233,808</u>	<u>482,504</u>	<u>716,312</u>	<u>669,690</u>
Cash and Cash Equivalents - Ending	<u>283,881</u>	<u>496,075</u>	<u>779,956</u>	<u>716,312</u>
Ending cash and cash equivalents consists of:				
Cash and cash equivalents - Unrestricted	109,727	316,075	425,802	379,031
Restricted cash and cash equivalents	174,154	180,000	354,154	337,281
Cash and Cash Equivalents - Ending	<u>283,881</u>	<u>496,075</u>	<u>779,956</u>	<u>716,312</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>957</u>	<u>183,247</u>	<u>184,204</u>	<u>217,222</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	109,096	36,154	145,250	145,249
(Increase) decrease in tenant receivables	1,121	1,649	2,770	7,323
(Increase) decrease in prepaid expenses	196	1,026	1,222	(3,251)
Increase (decrease) in accounts payable	16,976	6,582	23,558	-
Increase (decrease) in tenant security deposits	(941)	-	(941)	3,247
Increase (decrease) in compensated absences	(1,748)	(90)	(1,838)	1,354
Increase (decrease) in deferred revenue	61	(1,080)	(1,019)	(315)
Total - Adjustments	<u>124,761</u>	<u>44,241</u>	<u>169,002</u>	<u>153,607</u>
Net Cash Provided (Used) by Operating Activities	<u>125,718</u>	<u>227,488</u>	<u>353,206</u>	<u>370,829</u>

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



NOTES TO THE FINANCIAL STATEMENTS

**Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020**

I. Summary of Significant Accounting Policies

Yampa Valley Housing Authority (the "Authority") was established on November 18, 2003 by an intergovernmental agreement between the City of Steamboat Springs, Colorado (the "City") and Routt County, Colorado (the "County"), as a separate governmental entity – known as a multi-jurisdictional housing authority – under section 29-1-204.5 of the Colorado Revised Statutes ("CRS"). The Authority oversees projects and programs to provide housing for families of low or moderate incomes in Routt County, including down payment assistance and housing counseling services.

The Authority is governed by a Board of Directors (the "Board") consisting of 7 – 15 members, including one member each from the City Council and the County Board of County Commissioners. The City Council and the County Board of County Commissioners jointly appoint all other Board members to 3-year terms.

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

A. Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority is considered to be financially accountable for a legally separate organization if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority. Consideration is also given to other organizations that are fiscally dependent, i.e., unable to adopt a budget, levy tax, or issue debt without approval by the Authority. Organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The accompanying financial statements present the primary government (the Authority) and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations. Discretely presented component units, if any, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Authority.

The Authority has four component units: YVHA Elk River Enterprise, LLC ("Elk River LLC"), YVHA Pine Grove Enterprise, LLC ("Pine Grove LLC"), YVHA Sunlight Enterprise, LLC ("Sunlight Enterprise LLC") and YVHA Property Management, LLC ("Property Management LLC"). Separate financial statements are not prepared for any of the component units as they are reported within the Development Fund as blended component units of the Authority.

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

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Pine Grove LLC was organized in April 2019 as a Colorado limited liability company to assist and participate in the development of a project known as Alpenglow Village (“Alpenglow Village”), consisting of 72 apartment units and a clubhouse. The Authority is the sole member of Pine Grove LLC.

Sunlight Enterprise LLC was organized in July 2020 as a Colorado limited liability company to assist and participate in the development of a project known as Sunlight Crossing (“Sunlight Crossing”), consisting of 90 workforce housing apartment units and other improvements. The Authority is the sole member of Sunlight Enterprise LLC.

Property Management LLC was organized in August 2020 as a Colorado limited liability company to provide management services for the Sunlight Crossing project, as well as for other developments. The Authority is the sole member of Property Management LLC. Property Management LLC had no activity in 2020.

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 individual major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Authority’s governmental function reports the general government (administration), down-payment assistance, and development activities of the Authority, while the operations of the Authority’s two housing projects are classified as business-type activities.

1. Government-wide Financial Statements

Government-wide financial statements report information on all the activities of the County and its component units.

The government-wide Statement of Activities reports both the gross and net cost of each of the Authority’s governmental functions and business-type activities. The governmental functions are primarily supported by general government revenues (property taxes, specific ownership taxes, investment earnings, etc.), while business-type activities rely to a significant extent on fees and charges for support. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Authority as an entity and the change in net position resulting from the current year’s operations.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. 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 is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Authority reports the following major governmental funds:

General Administrative Fund – Accounts for all financial resources of the Authority, except those required to be accounted for in the enterprise funds or other governmental funds. This fund accounts for the administrative activities of the Authority. The major sources of revenue are from contributions from the City and the County.

Development Fund – Accounts for developer fees and property tax revenues levied for acquisition and construction of affordable housing projects and subsequent sale to qualified families. This fund also accounts for potential project feasibility activities.

Down Payment Loan Fund – Accounts for all resources of the Authority related to down payment assistance loan activity to assist local home buyers with the purchase of a home.

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

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

Fish Creek Mobile Home Park – Accounts for the operation of the Authority's 68-lot mobile home park. The primary source of revenue is lot rentals.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements, and the proprietary fund 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 flow.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. 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 (60 days) to be used to pay liabilities of the current period. 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.

3. Financial Statement Presentation

Amounts reported as program revenues include: 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise funds are charges to tenants for rentals and related assistance payments. Operating expenses for the enterprise funds include the operation, maintenance, and depreciation of capital assets, as well as administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Financial Statement Accounts

1. 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.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

The Authority follows Colorado state statutes as an investment policy, which permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury obligations (maximum maturity of 60 months)
- Federal instrumentality securities (maximum maturity of 60 months)
- FDIC-insured certificates of deposit (maximum maturity of 18 months)
- Corporate bonds (maximum maturity of 36 months)
- Prime commercial paper (maximum maturity of 9 months)
- Eligible banker's acceptances
- Repurchase agreements
- General Obligations and Revenue Obligations
- Local government investment pools
- Money market mutual funds

2. Deposits Held in Trust / Restricted Deposits and Reserves

Certain of the Authority's deposits are classified as restricted because their use is restricted to specific purposes by legally binding commitments. The Authority's restricted deposits include balances related to tenant security deposits, reserves required by financing arrangements, and amounts to be used solely to fund down-payment assistance loans.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

Tenant receivables consist primarily of amounts due from tenants for rent and other charges. The Authority's management reviews such accounts receivable periodically to consider the collectability of the balances, and has recorded an allowance for uncollectible accounts of \$0 at December 31, 2020 for amounts which may not be collectible.

Program loans receivable are due from homeowners, secured by a subordinate deeds of trust, and were originally funded through down payment assistance grants and contributions. An allowance for loan losses is based upon management's periodic review of the collectability of program loans in light of historical experience with similar programs and the nature of the Authority's loan portfolio. At December 31, 2020, the Authority has established an allowance of \$22,800 to provide for program loans which may not be collectible.

Mortgage notes receivable consist of 30-year, non-interest-bearing mortgages which are collateralized by the underlying properties. The mortgages were originally held by Routt County Habitat for Humanity but were assigned to the Authority in 2015. The Authority has not established an allowance for uncollectible mortgage notes as of December 31, 2020, based on management's review of the outstanding notes.

**Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Investments in Limited Liability Companies

The Authority's single-member LLC, Elk River LLC, holds a 30% interest in OPG SS Managers, LLC ("OPG Managers LLC") and a 0.01% interest as a special member in OPG Steamboat Springs Partners, LLC ("OPG Partners LLC"). OPG Managers LLC maintains a 0.01% interest as the managing member of OPG Partners LLC. Elk River LLC's investments in OPG Managers LLC and OPG Partners LLC are accounted for using the cost method.

The Authority's single-member LLC, Pine Grove LLC, holds a 0.01% interest as a special member in OPG Alpenglw Partners, LLC ("OPG Alpenglw LLC"). Pine Grove LLC's investment in OPG Alpenglw LLC is accounted for using the cost method.

The Authority's single-member LLC, Sunlight Enterprise LLC, holds a 3.6885% interest as a special member in Sunlight Crossing, LLC ("Sunlight Crossing LLC"). Sunlight Enterprise LLC's investment in Sunlight Crossing LLC is accounted for using the cost method.

5. Capital Assets

Capital assets include rental property, related improvements, water and sewer systems, roads, and equipment. Capital assets are defined by the Authority as assets with an initial cost of at least \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets, if any, are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets (excluding land) are depreciated, using the straight-line method, over the following estimated useful lives:

	Estimated Lives
Rental property buildings and improvements	27.5 years
Water and sewer systems	50 years
Roads	20 years
Land improvements	10 - 25 years
Furniture and equipment	5 - 7 years

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Land Held for Development

Real estate held for development is carried at the lower of cost or net realizable value. An impairment loss is recognized with respect to land held for development when the fair value of the property is less than the carrying amount of the property. During 2020, the Authority disposed of this property.

7. Compensated Absences

Earned but unused vacation benefits are recorded as an expense and liability when incurred in the government-wide and proprietary fund financial statements.

Starting employees earn 15 days of paid vacation leave per year; after 5 years of employment with the Authority, an employee earns 20 days; after 10 years of service, an employee earns 25 days of vacation leave. No employee is eligible to carry over more than 10 days of vacation entitlement from year to year, although the Executive Director allowed to approve an additional 5 days of carryover in certain circumstances.

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense / expenditure) until then. The Authority does not have any deferred outflows of resources to report at December 31, 2020.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category; unavailable revenue from property taxes, reported in the governmental balance sheet and the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that amounts become available.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Activities between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from other funds" or "due to other funds". Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as "internal balances".

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Fund Equity

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity as to the level of restriction; such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Administrative Fund, and should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance.

The Authority classifies governmental fund balances 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 which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- 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 Board.
- 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 Board or its management designees.
- Unassigned – includes residual positive fund balance within the General Administrative 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.

Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted in order to finance the Authority's programs. It is the Authority's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Authority's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Authority's financial statements include a reconciliation between governmental funds total fund balance and net position of governmental activities as reported in the government-wide Statement of Net Position. The differences include long-term receivables for notes, loans, and mortgages; capital assets and accumulated depreciation; investment in LLCs; accrued compensated absences; and long-term debt.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The Authority's financial statements also include a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide Statement of Activities. The differences include accounting for long-term notes, loans, and mortgages receivable transactions (outlays, repayments, and interest); debt transactions (interest, issuances, and repayments), capital assets (acquisitions, disposals, and depreciation); and changes in long-term debt and accrued compensated absences.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Annual appropriations are adopted for all of the Authority's funds. Prior to the end of the fiscal year, the Authority's management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. Budgets include proposed expenditures for all funds and the means of financing them. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at the end of each calendar year. Budgets are legally enacted upon approval by the Board.

The budget for the Authority's governmental fund is prepared on a basis consistent with GAAP, while the budgets for the Authority's proprietary funds are prepared using a non-GAAP basis. The supplementary budgetary comparison schedules for each of the proprietary funds in section F include a reconciliation between the budget-basis change in net position and the GAAP-basis change in net position.

**Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)**

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting (continued)

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

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

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

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

In November 2017, the Authority's voters approved a 1.0 mill levy increase in tax collection year 2018 for a ten-year period through the 2027 tax collection year for land acquisition, planning, design, financing, construction, and administration of housing developments serving seasonal, low-income, and entry-level households. The November 2017 ballot question approved by voters also exempts the Authority from revenue limits imposed by TABOR.

The Authority adopted the following supplemental budget appropriation for 2020:

Fund	Original Budget Expenditures	Supplemental Appropriations	Amended Budget Expenditures
General Administrative Fund	\$ 319,950	43,031	362,981
Development Fund	1,507,331	243,031	1,750,362
Down Payment Loan Fund	66,700	73,200	139,900

B. Comparative Data

Comparative total data for the prior year has been presented in the certain of the accompanying financial statements in order to provide an understanding of the changes in the Authority's financial position and operations. However, comparative data has not been presented in all statements since their inclusion would make the statements unduly complex and difficult to understand. The comparative information is not included in accordance with GAAP and such information should be read with the Authority's prior year financial statements.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. 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 increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue. As discussed in Note III.A, the 2017 ballot measure approved by voters exempts the Authority from TABOR's revenue limits.

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

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Authority has reserved \$64,000 of the December 31, 2020 fund balance in the General Administrative Fund for this purpose. The Authority's management believes it is compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits and Investments

Colorado's Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of levels insured by the Federal Deposit Insurance Corporation (the "FDIC") must be collateralized. The eligible collateral is 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The FDIC insures the first \$250,000 of the Authority's interest-bearing deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by the PDPA. The Authority's deposits at December 31, 2020 are entirely covered by FDIC or by PDPA.

At December 31, 2020, the carrying value of the Authority's deposits was \$2,097,090 and the bank balance of these accounts was \$2,103,842. The difference between carrying and bank balances represents items that had not cleared the bank at year end.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

The Authority held deposits and investments with the following ratings and maturities at December 31, 2020:

<u>Type</u>	<u>Standard & Poor's Rating</u>	<u>Carrying Amount</u>	<u>Investment Maturities</u>	
			<u>Less Than One Year</u>	<u>One to Five Years</u>
Deposits:				
Checking	Not Rated	\$ 495,524	495,524	-
Savings	Not Rated	180,216	180,216	-
Investments:				
Investment pools	AAAm	1,421,350	1,421,350	-
Totals		<u>\$ 2,097,090</u>	<u>2,097,090</u>	<u>-</u>

At December 31, 2020, unrealized gains or (losses) were \$0.

The Authority's cash and investments are presented on the Statement of Net Position at December 31, 2020 as follows:

Cash and investments - Unrestricted	\$ 1,742,936
Restricted cash and investments	<u>354,154</u>
Total	<u>\$ 2,097,090</u>

The Authority maintains restricted cash reserves in accordance with USDA loan requirements related to Hillside Village Apartments and Alpine Bank loan requirements related to Fish Creek Mobile Home Park. The Authority's restricted cash balances are as follows at December 31, 2020:

Hillside Village:	
Tenant security deposits	\$ 27,203
Tax and insurance reserves	10,183
Reserve for replacement	<u>136,768</u>
	174,154
Fish Creek Mobile Home Park:	
Loan reserves	<u>180,000</u>
Total	<u>\$ 354,154</u>

All USDA restricted cash balances are maintained in separate bank accounts from other cash deposits. Additions to the reserve for replacement are approved annually by the USDA. Withdrawals from the reserve for replacement are approved on an individual basis by the USDA.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Fair Value of Investments:

The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices
- Level 3: Unobservable inputs.

At December 31, 2020 the Authority had the following recurring fair value measurements:

Investments Measured at Net Asset Value:

COLOTRUST	<u>\$ 1,421,350</u>
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The Authority's holdings in government investment pools are comprised of balances with COLOTRUST, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. It operates similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Authority has no regulatory oversight for the pools.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Authority coordinates its investment maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length of maturities, the Authority has limited its interest rate risk.

Credit Risk: State law limits 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-investor rule: Investments are made as a prudent person would expect 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 FDIC, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally-authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding Authority funds must provide the Authority with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Interfund Balances and Transfers

The Authority had no interfund balances at December 31, 2020.

The Authority made the following interfund transfers – which represent allocations of resources based upon the Board’s adopted budgetary policies – during 2020:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Development Fund	General Administrative Fund	\$ 104,762
Down Payment Loan Fund	General Administrative Fund	4,000

Transfers from the Development Fund were made to fund additional expenditures, while transfers from the Down Payment Loan Fund were made to transfer a portion of the interest earned on program loans.

C. Loans, Notes, and Mortgages Receivables

	<u>12/31/19</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/20</u> <u>Balance</u>	<u>Amounts Due</u> <u>in One Year</u>
Program loans receivable:					
Down payment assistance loans	\$ 208,166	133,400	(18,932)	322,634	4,052
Accrued interest	11,807	3,134	-	14,941	-
less: Allowance for doubtful accounts	(22,800)	-	-	(22,800)	-
Total - Program loans	<u>197,173</u>	<u>136,534</u>	<u>(18,932)</u>	<u>314,775</u>	<u>4,052</u>
Notes receivable:					
Promissory note - OPG Partners LLC	800,000	-	-	800,000	-
Accrued interest - OPG Partners LLC	140,087	40,000	(8,000)	172,087	8,000
Promissory note - OPG Alpenglow LLC	200,000	-	-	200,000	71,165
Accrued interest - OPG Alpenglow LLC	833	2,000	-	2,833	712
Total - Notes receivable	<u>1,140,920</u>	<u>42,000</u>	<u>(8,000)</u>	<u>1,174,920</u>	<u>79,877</u>
Mortgages receivable:					
Mortgages outstanding	421,025	-	(24,803)	396,222	18,741
Total - Mortgages receivable	<u>421,025</u>	<u>-</u>	<u>(24,803)</u>	<u>396,222</u>	<u>18,741</u>
Totals	<u>\$ 1,759,118</u>	<u>178,534</u>	<u>(51,735)</u>	<u>1,885,917</u>	<u>102,670</u>

1. Program Loans Receivable

The Authority’s program loans receivable consist of subordinatedly-secured down payment assistance notes due from homeowners, bearing interest at 0 – 5% per annum, and maturing between 2020 to 2040.

2. Notes Receivable

During 2016, the Authority executed a promissory note in the principal amount of \$800,000 with OPG Steamboat Springs Partners, LLC (“OPG Partners LLC”) to finance the development of The Reserves multi-family housing project. The note, which bears simple interest at 5% per annum, calls for annual payments of \$8,000 beginning 31 months after the issuance date, with the remaining principal and interest balance due in April 2046. The note is secured by a deed of trust on the project.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Loans, Notes, and Mortgages Receivables (continued)

2. Notes Receivable (continued)

During 2019, the Authority executed a promissory note in the principal amount of \$200,000 with OPG Alpenglow Partners, LLC (“OPG Alpenglow LLC”) to finance the development of Alpenglow Village multi-family housing project. The note, which bears simple interest at 1% per annum, calls for annual payments of 75% of cash flow, due March 1 each year following the first fiscal year, with the remaining principal and interest balance due in August 2059. The note is secured by a deed of trust on the project.

3. Mortgages Receivable

Mortgage notes receivable consist of 30-year, non-interest-bearing mortgages, maturing between 2019 and 2044, which are collateralized by the underlying properties.

D. Capital Assets

The following are the changes in the Authority’s capital assets for the year ended December 31, 2020:

	<u>12/31/19</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u> <u>Balance</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land held for development	\$ 127,000	-	(127,000)	-
Total capital assets not being depreciated	<u>127,000</u>	<u>-</u>	<u>(127,000)</u>	<u>-</u>
Capital assets being depreciated:				
Computer software	20,991	-	-	20,991
Total capital assets being depreciated	<u>20,991</u>	<u>-</u>	<u>-</u>	<u>20,991</u>
Less accumulated depreciation for:				
Computer software	(20,991)	-	-	(20,991)
Total accumulated depreciation	<u>(20,991)</u>	<u>-</u>	<u>-</u>	<u>(20,991)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental Activities Capital Assets, net	<u>\$ 127,000</u>	<u>-</u>	<u>(127,000)</u>	<u>-</u>

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

	<u>12/31/19 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20 Balance</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,007,078	-	-	4,007,078
Total capital assets not being depreciated	<u>4,007,078</u>	<u>-</u>	<u>-</u>	<u>4,007,078</u>
Capital assets being depreciated:				
Buildings and improvements	2,947,735	7,900	-	2,955,635
Land improvements	194,711	-	-	194,711
Water and sewer systems	1,194,748	-	-	1,194,748
Roads	156,335	-	-	156,335
Furniture and equipment	13,899	-	-	13,899
Total capital assets, being depreciated	<u>4,507,428</u>	<u>7,900</u>	<u>-</u>	<u>4,515,328</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,704,386)	(108,942)	-	(1,813,328)
Land improvements	(141,001)	(4,390)	-	(145,391)
Water and sewer systems	(95,433)	(23,895)	-	(119,328)
Roads	(31,920)	(7,817)	-	(39,737)
Furniture and equipment	(13,282)	(206)	-	(13,488)
Total accumulated depreciation	<u>(1,986,022)</u>	<u>(145,250)</u>	<u>-</u>	<u>(2,131,272)</u>
Total capital assets being depreciated, net	<u>2,521,406</u>	<u>(137,350)</u>	<u>-</u>	<u>2,384,056</u>
Business-type Activities Capital Assets, net	<u>\$ 6,528,484</u>	<u>(137,350)</u>	<u>-</u>	<u>6,391,134</u>

The Authority had capital outlay and depreciation expense during 2020 for the following functions:

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Business-type activities:		
Housing	\$ 7,900	145,250
Totals - Business-type Activities	<u>\$ 7,900</u>	<u>145,250</u>

E. Long-Term Debt – Governmental Activities

Changes in the Authority's long-term debt for governmental activities during 2020 were as follows:

	<u>12/31/19 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Participation Agreement note payable	\$ 120,000	-	-	120,000	42,699
Totals	<u>\$ 120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>42,699</u>

**Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)**

IV. Detailed Notes on all Funds (continued)

E. Long-Term Debt – Governmental Activities (continued)

1. Participation Agreement Note Payable

During 2019, the Authority executed a Participation Agreement with Overland Property Group, LLC (“Overland”), under which the Authority agreed to sell a 60% interest (the “Participation Percentage”) in its \$200,000 promissory note receivable from OPG Alpenglow Partners, LLC (the “OPG Alpenglow LLC Promissory Note”, as described in Note IV.C.2.) to Overland for \$11,667 (the present value of the Participation Percentage in the cash flows from the OPG Alpenglow LLC Promissory Note). Under the terms of the Participation Agreement, the Authority will collect all scheduled payments for the OPG Alpenglow LLC Promissory Note and remit the Participation Percentage of each such payment to Overland. Consistent with the terms of the OPG Alpenglow LLC Promissory Note, the Participation Agreement note payable calls for annual payments of 75% of cash flow from the Alpenglow Village project, due March 1 each year following the first fiscal year, with the outstanding principal and interest balance due in August 2059.

F. Long-Term Debt – Business-Type Activities

Changes in the Authority’s long-term debt for business-type activities during 2020 were as follows:

	<u>12/31/19</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
USDA Rural Development	\$ 1,111,914	-	(7,795)	1,104,119	8,286
Alpine Bank	1,914,501	-	(63,824)	1,850,677	66,681
City of Steamboat Springs	646,907	-	(21,074)	625,833	21,389
CWRPDA - DWRF	169,563	-	(6,649)	162,914	6,650
CWRPDA - WPCRF	461,413	-	(29,768)	431,645	29,769
Totals	<u>\$ 4,304,298</u>	<u>-</u>	<u>(129,110)</u>	<u>4,175,188</u>	<u>132,775</u>

1. USDA Rural Development Secured Promissory Note

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

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Long-Term Debt – Business-Type Activities (continued)

2. Alpine Bank Secured Promissory Note

The Authority executed a secured promissory note with Alpine Bank in September 2014 in the principal amount of \$2,206,551 to pay off an existing loan obligation to Wells Fargo Bank, N.A. The note, which bears interest at 4% per annum, is payable in blended monthly installments of \$11,709 through maturity in October 2039. The note is secured by a deed of trust on land and improvements at the Fish Creek Mobile Home Park and a pledge of associated rental revenues. The note also requires the Authority to establish a \$100,000 reserve fund to be increased to \$180,000 by December 31, 2019.

3. City of Steamboat Springs Secured Promissory Note

In August 2007, the Authority entered into a secured promissory note agreement with the City for \$954,000 to acquire the Fish Creek Mobile Home Park. In January 2011, the principal balance was reduced by \$193,856 for remaining escrow funds paid to the City after completion of required railroad improvements. From January 2011 through December 2013, the note accrued interest at the lowest municipal bond rate then available plus one hundred basis points. Effective in September 2014, the note was amended with an outstanding principal and accrued interest balance of \$790,778. The note is non-interest-bearing through 2018, but bears interest at 1.5% per annum beginning in 2019. Terms of the amended note call for annual payments of \$30,777, and a final payment of \$44,155 at maturity in January 2044. The note is secured by a subordinated deed of trust on land and improvements at the Fish Creek Mobile Home Park.

4. CWRPDA Drinking Water Revolving Fund (“DWRF”) Loan

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

The loan agreement requires the Authority to maintain an operations and maintenance reserve fund equal to three months of operations and maintenance expenses. The Authority has reserved \$40,793 for this purpose as of December 31, 2020.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Long-Term Debt – Business-Type Activities (continued)

5. CWRPDA Water Pollution Control Revolving Fund (“WPCRF”) Loan

In June 2015, the Authority entered into a \$613,768 loan agreement with CWRPDA. In March 2016, the principal was reduced by the remaining unused project funds of \$17,937. Terms of the loan agreement include a 0% interest rate and semi-annual payments of \$14,884 from May 2016 through maturity in May 2035. Proceeds were used to replace the sewer collection system with new sewer mains under the drive aisle of the Fish Creek Mobile Home Park.

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

6. CWRPDA Loans Rate Covenant

The CWRPDA loan agreements include a rate covenant whereby the Authority’s Fish Creek Mobile Home Park rents, after meeting operation and maintenance expenses, is required to be sufficient to cover 110% of the aggregate debt service coming due. The following is the Authority’s calculation indicating compliance with the rate covenant for the year ended December 31, 2020:

Rents		\$	382,074
Operating expenses	\$	199,324	
less: Depreciation	<u>(36,154)</u>		
			<u>163,170</u>
Net rents		\$	<u>218,904</u>
Aggregate debt service payments		\$	<u>207,706</u>
Net rents / aggregate debt service payments			105%

7. Annual Debt Service Requirements

Aggregate debt service requirements to maturity at December 31, 2020 for the Authority’s long-term business-type debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 132,775	150,614	283,389
2022	136,375	147,015	283,390
2023	140,123	143,266	283,389
2024	143,672	139,717	283,389
2025	148,267	135,122	283,389
2026 - 2030	807,644	609,302	1,416,946
2031 - 2035	924,319	477,743	1,402,062
2036 - 2040	1,580,860	166,071	1,746,931
2041 - 2045	<u>161,153</u>	<u>5,255</u>	<u>166,408</u>
	<u>\$ 4,175,188</u>	<u>1,974,105</u>	<u>6,149,293</u>

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information

A. Risk Management

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

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

B. Related Party Transactions

The County contributed \$67,000 to the Authority during 2020. The City also contributed \$65,000 to the Authority during 2020. The City and County are not required to make annual contributions to the Authority.

In 2010, the Authority entered into an intergovernmental agreement with the City with respect to down payment assistance funds. Under the terms of the agreement, the City is to provide up to \$100,000 for a down payment assistance revolving loan fund program. The City is required to pay 10% of all granted funds in the Authority's General Administrative Fund for administrative costs remitted on a transactional basis at the time loan funds are transmitted. The City's management has verbally increased the amount of available funds in the program to \$200,000.

C. Retirement Plan

The Authority's employees can participate in a section 457 deferred compensation plan administered by the ICMA Retirement Corporation. The Authority contributes 3% of employees' wages to the plan and the individual retirement accounts are self-directed and managed by the employees. All employees are fully vested immediately. The Authority's contributions to the plan totaled \$12,231 for the year ended December 31, 2020.

D. Grant Funds

The Authority participates in several grant arrangements. Expenses financed by grants are subject to audit and disallowance by granting authorities. Management of the Authority is unaware of any non-compliance issues and feels any potential questions or disallowed costs would not materially affect the presentation of the Authority's financial statements as of and for the year ended December 31, 2020.

Yampa Valley Housing Authority
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

E. Alpenglow Village Project

During 2019, Pine Grove LLC (a component unit of the Authority, as described in Note I.A.) contributed \$525,000 to OPG Alpenglow LLC for a 0.01% special member interest (as described in Note I.D.4.). Under the terms of various agreements between participants in the Alpenglow Village development, the Authority – either directly or through Pine Grove LLC – is to receive a Developer Fee, a Compliance Fee, and an Incentive Management Fee upon OPG Alpenglow LLC’s achievement of specified milestones. The Authority and Pine Grove LLC have been granted a right of first refusal to acquire the Alpenglow Village project, on terms and conditions set forth in the agreements.

F. Sunlight Crossing Project

During 2020, Sunlight Enterprise LLC (a component unit of the Authority, as described in Note I.A.) contributed \$1,600,000 to Sunlight Crossing LLC for a 3.6885% special member interest (as described in Note I.D.4.). Under the terms of various agreements between participants in the Sunlight Crossing development, the Authority – either directly or through Sunlight Enterprise LLC – is to receive an Entitlement Fee of \$200,000 upon the closing of the project, as well as a monthly property management fees equal to 4% of the Gross Collected Income as defined in the agreements. The Authority and Sunlight Enterprise LLC have been granted a right of first refusal to acquire the Sunlight Crossing project, on terms and conditions set forth in the agreements.

G. Anglers Four Hundred Project

In February 2020, the Authority and Overland Property Group, LLC (“OPG”) executed a Memorandum of Understanding (the “MOU”) in connection with the development, ownership, and operation of a proposed income-restricted affordable apartment project (the “Project”) in Steamboat Springs. Under the terms of the MOU, the Authority will assist in the process of receiving bond allocations from one or multiple governmental or quasi-governmental agencies authorized to issue bonds for the Project. It is anticipated that, following completion of the Project development stage, OPG will convey its interest in the Project to YVHA for \$10 and YVHA would have 100% control as the general partner or managing member of the Project. The MOU also anticipates that the Authority will become the Project’s property manager, and will receive a Developer Fee equal to 16.8% of the aggregate development fee (total developer fee estimated at \$3,140,000).



REQUIRED SUPPLEMENTARY INFORMATION

Yampa Valley Housing Authority
Governmental Fund - General Administrative Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	<u>2020</u>			<u>Final Budget</u>	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance: Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Contributions	130,000	130,000	132,000	2,000	130,000
Management fees	104,900	104,900	104,900	-	66,900
Mortgage income	19,300	19,300	24,802	5,502	20,587
Investment earnings	19	19	10	(9)	34
Other	-	-	1,646	1,646	6,269
Total Revenues	<u>254,219</u>	<u>254,219</u>	<u>263,358</u>	<u>9,139</u>	<u>223,790</u>
Expenditures:					
General government:					
Wages and benefits	233,600	276,631	272,281	4,350	215,899
Office expenses	6,200	6,200	2,281	3,919	2,641
Professional fees	9,150	9,150	(171)	9,321	13,027
General and administrative	26,000	26,000	27,492	(1,492)	48,619
Contract labor	40,000	40,000	49,256	(9,256)	35,698
Utilities	4,000	4,000	3,297	703	3,072
Other	1,000	1,000	364	636	2,207
Total Expenditures	<u>319,950</u>	<u>362,981</u>	<u>354,800</u>	<u>8,181</u>	<u>321,163</u>
Excess (Deficiency) of Revenues over Expenditures	(65,731)	(108,762)	(91,442)	17,320	(97,373)
Other Financing Sources (Uses):					
Transfers in	65,731	108,762	108,762	-	43,431
Total Other Financing Sources (Uses)	<u>65,731</u>	<u>108,762</u>	<u>108,762</u>	<u>-</u>	<u>43,431</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	17,320	<u>17,320</u>	(53,942)
Fund Balance - Beginning			<u>33,486</u>		<u>87,428</u>
Fund Balance - Ending			<u>50,806</u>		<u>33,486</u>

Yampa Valley Housing Authority
Governmental Fund - Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	<u>2020</u>			Final Budget Variance: Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	976,498	976,498	964,293	(12,205)	913,861
Specific ownership tax	65,000	65,000	63,046	(1,954)	58,206
Grants and contributions	-	-	43,532	43,532	85,303
Investment earnings	24,400	24,400	22,643	(1,757)	48,917
Distributions from projects	36,000	36,000	24,175	(11,825)	11,925
Other	-	-	1,853	1,853	11,667
Total Revenues	<u>1,101,898</u>	<u>1,101,898</u>	<u>1,119,542</u>	<u>17,644</u>	<u>1,129,879</u>
Expenditures:					
Development:					
Professional fees	15,000	15,000	-	15,000	11,297
Treasurer fees	29,800	29,800	27,516	2,284	24,995
Capital contributions	1,400,000	1,600,000	1,600,000	-	725,100
Other	800	800	88	712	960
Debt service:					
Principal	-	-	-	-	50,601
Interest	-	-	-	-	215
Total Expenditures	<u>1,445,600</u>	<u>1,645,600</u>	<u>1,627,604</u>	<u>17,996</u>	<u>813,168</u>
Excess (Deficiency) of Revenues over Expenditures	(343,702)	(543,702)	(508,062)	35,640	316,711
Other Financing Sources (Uses):					
Sale of assets	-	(57,183)	69,817	127,000	-
Transfers (out)	(61,731)	(104,762)	(104,762)	-	(39,431)
Total Other Financing Sources (Uses)	<u>(61,731)</u>	<u>(161,945)</u>	<u>(34,945)</u>	<u>127,000</u>	<u>(39,431)</u>
Net Change in Fund Balance	<u>(405,433)</u>	<u>(705,647)</u>	<u>(543,007)</u>	<u>162,640</u>	<u>277,280</u>
Fund Balance - Beginning			<u>1,755,107</u>		<u>1,477,827</u>
Fund Balance - Ending			<u>1,212,100</u>		<u>1,755,107</u>

Yampa Valley Housing Authority
Governmental Fund - Down Payment Loan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	<u>2020</u>			<u>Final Budget</u>	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance: Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Investment earnings	10,391	10,391	3,705	(6,686)	7,966
Down payment loan principal repayments	20,285	20,285	18,932	(1,353)	12,725
Bad debt recovery	-	-	-	-	4,657
Other	100	100	-	(100)	-
Total Revenues	<u>30,776</u>	<u>30,776</u>	<u>22,637</u>	<u>(8,139)</u>	<u>25,348</u>
Expenditures:					
General government:					
General and administrative	2,600	2,600	2,500	100	2,528
Direct assistance	60,000	133,200	133,400	(200)	27,807
Other	100	100	-	100	-
Total Expenditures	<u>62,700</u>	<u>135,900</u>	<u>135,900</u>	<u>-</u>	<u>30,335</u>
Excess (Deficiency) of Revenues over Expenditures	(31,924)	(105,124)	(113,263)	(8,139)	(4,987)
Other Financing Sources (Uses):					
Transfers (out)	(4,000)	(4,000)	(4,000)	-	(4,000)
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
Net Change in Fund Balance	<u>(35,924)</u>	<u>(109,124)</u>	<u>(117,263)</u>	<u>(8,139)</u>	<u>(8,987)</u>
Fund Balance - Beginning			<u>324,709</u>		<u>333,696</u>
Fund Balance - Ending			<u>207,446</u>		<u>324,709</u>



SUPPLEMENTARY INFORMATION

Yampa Valley Housing Authority
Proprietary Fund - Hillside Village Apartments
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	<u>2020</u>			Final Budget Variance: Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Tenant rents	383,892	383,892	265,986	(117,906)	265,753
Rent subsidy	-	-	146,189	146,189	137,850
Interest subsidy	-	-	45,719	45,719	45,719
Application fees	400	400	419	19	1,403
Laundry and vending	4,500	4,500	3,962	(538)	3,562
Other tenant charges	4,500	4,500	6,921	2,421	4,248
Other revenue	-	-	1,207	1,207	348
Total Revenues	<u>393,292</u>	<u>393,292</u>	<u>470,403</u>	<u>77,111</u>	<u>458,883</u>
Operating Expenses:					
Operating and maintenance:					
Wages and benefits	62,800	62,800	63,912	(1,112)	59,701
Repairs and maintenance	27,000	27,000	15,383	11,617	24,847
Snow removal	20,000	20,000	22,135	(2,135)	18,498
Capital outlay	-	-	-	-	46,053
Other expenses	65,281	65,281	23,783	41,498	11,133
Administrative:					
Wages and benefits	86,500	86,500	85,764	736	76,863
Professional fees	8,000	8,000	8,000	-	7,011
Management fees	33,600	33,600	33,600	-	33,600
Manager unit rent	8,268	8,268	8,268	-	8,268
Other expenses	23,700	23,700	18,461	5,239	17,096
Insurance	13,000	13,000	13,421	(421)	12,554
Utilities	70,700	70,700	70,658	42	70,682
Total Expenses	<u>418,849</u>	<u>418,849</u>	<u>363,385</u>	<u>55,464</u>	<u>386,306</u>
Operating Income (Loss) - Budget Basis	(25,557)	(25,557)	107,018	132,575	72,577
Non-operating Revenues (Expenses):					
Investment earnings	150	150	39	(111)	80
Principal repayment	-	-	(7,795)	(7,795)	(7,333)
Interest expense	(29,964)	(29,964)	(67,888)	(37,924)	(68,350)
Total Non-operating Revenues (Expenses)	<u>(29,814)</u>	<u>(29,814)</u>	<u>(75,644)</u>	<u>(45,830)</u>	<u>(75,603)</u>
Change in Net Position - Budget Basis	<u>(55,371)</u>	<u>(55,371)</u>	31,374	<u>86,745</u>	(3,026)
Reconciliation from Budget to GAAP Basis:					
Loan principal repayment			7,795		7,333
Capitalized assets			-		46,053
Prepaid expenses			1,287		1,481
Change in compensated absences			1,748		(1,107)
Depreciation			(109,096)		(109,095)
Change in Net Position - GAAP Basis			(66,892)		(58,361)
Net Position - Beginning			<u>807,939</u>		<u>866,300</u>
Net Position - Ending			<u>741,047</u>		<u>807,939</u>

Yampa Valley Housing Authority
Proprietary Fund - Fish Creek Mobile Home Park
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	<u>2020</u>			Final Budget Variance: Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Tenant rents	381,960	381,960	382,074	114	382,200
Application fees	-	-	240	240	-
Other tenant charges	200	200	-	(200)	60
Other revenue	-	-	257	257	252
Total Revenues	<u>382,160</u>	<u>382,160</u>	<u>382,571</u>	<u>411</u>	<u>382,512</u>
Operating Expenses:					
Wages and benefits	15,000	15,000	11,123	3,877	13,822
Professional fees	8,500	8,500	7,319	1,181	5,100
Management fees	33,300	33,300	33,300	-	33,300
Utilities	49,500	49,500	50,274	(774)	46,754
Repairs and maintenance	8,000	8,000	11,243	(3,243)	6,710
Snow removal	13,000	13,000	23,949	(10,949)	20,944
Railroad licenses	6,700	6,700	6,701	(1)	6,505
Capital outlay	52,000	52,000	7,900	44,100	-
Other expenses	38,050	38,050	19,351	18,699	5,663
Total Expenses	<u>224,050</u>	<u>224,050</u>	<u>171,160</u>	<u>52,890</u>	<u>138,798</u>
Operating Income (Loss) - Budget Basis	158,110	158,110	211,411	53,301	243,714
Non-operating Revenues (Expenses):					
Investment earnings	4,000	4,000	1,687	(2,313)	5,156
Principal repayment	(123,100)	(123,100)	(121,315)	1,785	(119,124)
Interest expense	(86,200)	(86,200)	(86,391)	(191)	(88,581)
Total Non-operating Revenues (Expenses)	<u>(205,300)</u>	<u>(205,300)</u>	<u>(206,019)</u>	<u>(719)</u>	<u>(202,549)</u>
Change in Net Position - Budget Basis	<u>(47,190)</u>	<u>(47,190)</u>	5,392	<u>52,582</u>	41,165
Reconciliation from Budget to GAAP Basis:					
Loan principal repayment			121,315		119,124
Capitalized assets			7,900		-
Change in accrued interest			8		199
Change in compensated absences			90		(247)
Depreciation			<u>(36,154)</u>		<u>(36,154)</u>
Change in Net Position - GAAP Basis			98,551		124,087
Net Position - Beginning			<u>2,091,116</u>		<u>1,967,029</u>
Net Position - Ending			<u>2,189,667</u>		<u>2,091,116</u>

Position 3
**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET**

PART I - BALANCE SHEET

PROJECT NAME Hillside Village Apartments	BORROWER NAME Yampa Valley Housing Authority	BORROWER ID AND PROJECT NO. 2 3267333 013
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	BEGINNING DATES> (01-01-202 0)	PRIOR YEAR (01-01-201 0)	COMMENTS
<u>ASSETS</u>	ENDING DATES> (12-31-202 0)	 (12-31-201 0)	

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT	109,727.00	\$76,527.00	
2. R.E. TAX & INSURANCE ACCOUNT	10,183.00	10,182.00	
3. RESERVE ACCOUNT	136,768.00	118,968.00	
4. SECURITY DEPOSIT ACCOUNT	27,203.00	28,131.00	
5. OTHER CASH (<i>identify</i>)			
6. OTHER (<i>identify</i>)			
7. TOTAL ACCOUNTS RECEIVABLE (<i>Attach list</i>)	1,350.00	1,471.00	
..... ACCTS RCVBL 0-30 DAYS \$ 159.00		1,800.00	
ACCTS RCVBL 30-60 DAYS \$ (547.00)		26.00	
ACCTS RCVBL 60-90 DAYS \$ (547.00)		0.00	
ACCTS RCVBL OVER 90 DAYS \$ 2,285.00		(355.00)	
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....	(1,000.00)		
9. INVENTORIES (<i>supplies</i>)	()	()	
10. PREPAYMENTS	1,281.00	1,481.00	
11. _____			
12. TOTAL CURRENT ASSETS (<i>Add 1 thru 11</i>)	285,512.00	236,760.00	

FIXED ASSETS

13. LAND	622,226.00	622,226.00	
14. BUILDINGS	2,917,981.00	2,917,981.00	
15. LESS: ACCUMULATED DEPRECIATION	(1,932,952.00)	(1,824,064.00)	
16. FURNITURE & EQUIPMENT	13,899.00	13,899.00	
17. LESS: ACCUMULATED DEPRECIATION	(13,488.00)	(13,282.00)	
18. _____			
19. TOTAL FIXED ASSETS (<i>Add 13 thru 18</i>)	\$1,607,666.00	\$1,716,760.00	

OTHER ASSETS

20. _____			
21. TOTAL ASSETS (<i>Add 12, 19, and 20</i>)	\$1,893,178.00	\$1,953,520.00	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (<i>Attach list</i>)	\$16,976.00	\$0.00	
..... ACCTS PAYABLE 0-30 DAYS \$ 16,976.00			
ACCTS PAYABLE 30-60 DAYS \$ 0.00			
ACCTS PAYABLE 60-90 DAYS \$ 0.00			
ACCTS PAYABLE OVER 90 DAYS \$ 0.00			
23. NOTES PAYABLE (<i>Attach list</i>)			
24. SECURITY DEPOSITS	25,401.00	26,342.00	
25. TOTAL CURRENT LIABILITIES (<i>Add 22 thru 24</i>)	\$42,377.00	\$26,342.00	

LONG-TERM LIABILITIES

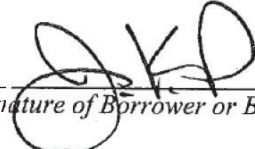
26. NOTES PAYABLE RURAL DEVELOPMENT	\$1,104,119.00	\$1,111,914.00	
27. OTHER (Identify) <u>Accrued Compensated Absences and P</u>	5,634.00	7,321.00	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	1,109,753.00	1,119,235.00	
29. TOTAL LIABILITIES (Add 25 and 28)	1,152,130.00	1,145,577.00	
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	(741,048.00)	(807,943.00)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	\$1,893,178.00	\$1,953,520.00	

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

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

03-29-2021

(Date)



(Signature of Borrower or Borrower's Representative)
Executive Director, YVHA

(Title)

PART II - VERIFICATION OF REVIEW

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

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

(Date)

(Signature)

(Name and Title)

(Address)

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

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

PROJECT NAME Hillside Village Apartments		BORROWER NAME Yampa Valley Housing Authority		BORROWER ID AND PROJECT NO. 203267333 013	
Loan/Transfer Amount \$		Note Rate Payment \$		IC Payment \$	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input checked="" type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				<input checked="" type="checkbox"/> I hereby request 0 units of RA. Current number of RA units <u>36</u> Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	

PART I-CASH FLOW STATEMENT

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
BEGINNING DATES>	01-01-2020	01-01-2020	01-01-2021	
ENDING DATES>	12-31-2020	12-31-2020	12-31-2021	
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	412,392.00	275,331.00	443,496.00	
2. RHS RENTAL ASSISTANCE RECEIVED		146,189.00		
3. APPLICATION FEES RECEIVED		419.00		
4. LAUNDRY AND VENDING	4,500.00	3,962.00	5,000.00	
5. INTEREST INCOME	150.00	15.00	60.00	
6. TENANT CHARGES	4,500.00	6,921.00	4,500.00	
7. OTHER -PROJECT SOURCES	400.00	1,207.00	600.00	
8. LESS (Vacancy and Contingency Allowance)	(21,000.00)		(8,870.00)	
9. LESS (Agency Approved Incentive Allowance)	(0.00)		(0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	400,942.00	434,044.00	444,786.00	
NON-OPERATIONAL CASH SOURCES				
11. CASH-NON PROJECT	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS)	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE	0.00	0.00	27,265.00	
14. SUB-TOTAL (11 thru 13)	0.00	0.00	27,265.00	
15. TOTAL CASH SOURCES (10+14)	400,942.00	434,044.00	472,051.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)	398,568.00	344,925.00	473,638.00	
17. RHS DEBT PAYMENT	29,964.00	29,964.00	29,964.00	
18. RHS PAYMENT (Overage)		8,165.00		
19. RHS PAYMENT (Late Fee)		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES		0.00		
21. TENANT UTILITY PAYMENTS		0.00		
22. TRANSFER TO RESERVE	17,781.00	17,781.00	17,781.00	
23. RETURN TO OWNER/NP ASSET MANAGEMENT FEE....	0.00	0.00	0.00	
24. SUB-TOTAL (16 thru 23)	446,313.00	400,835.00	521,383.00	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)				
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)				
27. MISCELLANEOUS				
28. SUB-TOTAL (25 thru 27)	0.00	0.00	0.00	
29. TOTAL CASH USES (24+28)	446,313.00	400,835.00	521,383.00	
30. NET CASH (DEFICIT) (15- 29)	(45,371.00)	33,209.00	(49,332.00)	
CASH BALANCE				
31. BEGINNING CASH BALANCE	76,527.00	76,527.00	109,727.00	
32. ACCRUAL TO CASH ADJUSTMENT		(8.00)		
33. ENDING CASH BALANCE (30+31+32)	31,156.00	109,728.00	60,395.00	

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

PART II-OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	62,800.00	63,912.00	66,610.00	
2. MAINTENANCE AND REPAIRS SUPPLY	15,000.00	7,028.00	15,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT	12,000.00	8,355.00	12,000.00	
4. PAINTING	5,000.00	525.00	5,000.00	
5. SNOW REMOVAL	20,000.00	16,288.00	20,000.00	
6. ELEVATOR MAINTENANCE/CONTRACT	0.00	0.00	0.00	
7. GROUNDS	8,500.00	7,250.00	8,500.00	
8. SERVICES	4,000.00	241.00	4,000.00	
9. ANNUAL CAPITAL BUDGET (From Part V- Operating)	30,000.00	10,369.00	81,000.00	
10. OTHER OPERATING EXPENSES (Itemize)	2,500.00	0.00	0.00	
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	159,800.00	113,968.00	212,110.00	
12. ELECTRICITY } <i>If master metered</i>	7,000.00	5,288.00	7,000.00	
13. WATER } <i>check box on</i>	24,000.00	25,088.00	24,000.00	
14. SEWER } <i>front.</i>	24,700.00	22,106.00	24,700.00	
15. FUEL (Oil/Coal/Gas)	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL	15,000.00	13,016.00	15,000.00	
17. OTHER UTILITIES	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 Thru 17)	70,700.00	65,498.00	70,700.00	
19. SITE MANAGEMENT PAYROLL	49,200.00	51,244.00	52,300.00	
20. MANAGEMENT FEE	33,600.00	33,600.00	42,660.00	
21. PROJECT AUDITING EXPENSE	7,000.00	8,000.00	7,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING	0.00	0.00	0.00	
23. LEGAL EXPENSES	1,000.00	0.00	1,000.00	
24. ADVERTISING	1,000.00	540.00	1,000.00	
25. TELEPHONE & ANSWERING SERVICE	3,000.00	2,477.00	3,000.00	
26. OFFICE SUPPLIES	1,500.00	853.00	1,500.00	
27. OFFICE FURNITURE & EQUIPMENT	500.00	73.00	500.00	
28. TRAINING EXPENSE	3,000.00	140.00	3,000.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	29,000.00	27,858.00	30,000.00	
30. PAYROLL TAXES	8,300.00	6,661.00	11,500.00	
31. WORKMAN'S COMPENSATION	3,000.00	2,250.00	3,000.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)	17,468.00	18,342.00	21,368.00	
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	157,568.00	152,038.00	177,828.00	
34. REAL ESTATE TAXES	0.00	0.00	0.00	
35. SPECIAL ASSESSMENTS	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES& PERMITS	0.00	0.00	0.00	
37. PROPERTY & LIABILITY INSURANCE	13,000.00	13,421.00	13,000.00	
38. FIDELITY COVERAGE INSURANCE	0.00	0.00	0.00	
39. OTHER INSURANCE	0.00	0.00	0.00	
40. SUB-TOTAL TAXES& INSURANCE (34 thru 39)	13,000.00	13,421.00	13,000.00	
41. TOTAL O&M EXPENSES (11 +18+33+40)	401,068.00	344,925.00	473,638.00	

PART III-ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	118,968.00	118,968.00	136,768.00	
2. TRANSFER TO RESERVE	17,781.00	17,781.00	17,781.00	
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT	0.00			
4. ANNUAL CAPITAL BUDGET (<i>Part V - Reserve</i>)	0.00			
5. BUILDING & EQUIPMENT REPAIR	0.00			
6. OTHER NON-OPERATING EXPENSES	0.00	(19.00)	(27,265.00)	
7. TOTAL (3 thru 6)	(0.00)	(19.00)	(27,265.00)	
8. ENDING BALANCE [(1 +2)-7]	136,749.00	136,768.00	181,814.00	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	76,527.00	
ENDING BALANCE	109,727.00	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	10,182.00	
ENDING BALANCE	10,183.00	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	28,131.00	
ENDING BALANCE	27,203.00	

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST		RESERVE ACCT. REQ. BALANCE	120,329.00
NUMBER OF APPLICANTS NEEDING RA		AMOUNT AHEAD/BEHIND	16,439.00

Performance Standards Borrower Self-Certification Letter

Date March 29, 2021

USDA Rural Development Office

Address 690 Industrial Blvd

Address Delta, Colorado 81416

In accordance with the criteria specified in Section 5; Paragraph 4.32 C. of the USDA Rural Development Handbook (HB-2-3560) for the year ended 12/31/2020 the borrower must self-certify that Yampa Valley Housing Authority - Hillside Village Apartments is in compliance with the nine performance standards. The following is a summary of our compliance with the performance standards.

1. The required accounts are (are not) properly maintained and tracked separately. The accounts we maintain are marked below:
 Operating Account(s) Security Deposit Account
 Tax & Insurance Account Reserve Account
 Other Accounts: _____
2. The payments from operating account(s) are (are not) disclosed and accurately represented.
3. The reserve account(s):
 - a. is on (not on) schedule with the Agency required minimum funding requirements;
 - b. is (is not) maintained in a supervised bank account that requires the Agency's countersignature on all withdrawals;
 - c. is on (not on) schedule with contributions to the reserve account for the current year with the Agency required minimum funding; and
 - d. has no (has) encumbrances on the reserve funds.
4. The tenant security deposits accounts are (are not) fully funded and are (are not) maintained in separate accounts.
5. The payment of owner return was:
 paid in the amount of \$ 7,795 for 20 20 fiscal year and was (was not) in accordance with the Agency's requirements OR
 not paid during the reporting year OR
 not allowable due to our nonprofit status OR

not allowable due to our nonprofit status. However, an asset management fee in the amount of \$ _____ was paid for 20 _____ fiscal year.

6. The borrower has (has not) maintained proper insurance in accordance with the requirements in 7 CFR 3560.105. Coverage maintained for _____ Hillside Village Apartments is as follows:


- | | |
|---|---|
| <input checked="" type="checkbox"/> Liability Insurance | <input type="checkbox"/> Flood Insurance |
| <input checked="" type="checkbox"/> Property Insurance | <input type="checkbox"/> Earthquake Insurance |
| <input type="checkbox"/> Fidelity Bond | <input type="checkbox"/> Other: _____ |

7. All financial records are (are not) adequate and suitable for examination.

8. There have been no changes in the ownership of _____ Hillside Village Apartments other than those approved by the Agency and identified in the certification. **For non-profit borrowers:** The Board of Directors is (is not) active and maintains oversight responsibilities for the project.

The real estate taxes (property taxes) are paid in accordance with state and/or local requirements. As of _____ 12/31/2020 _____, there are no delinquent real estate taxes (property taxes).

I certify that the above is true, accurate and is properly supported by documentation kept in our files.



Jason Peasley

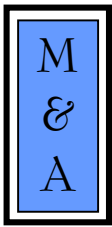
Printed Signature

Borrower Name: Yampa Valley Housing Authority

NOTE TO BORROWER: If the project is not in compliance with any of the above Performance Standards you must state that you are not in compliance with the standard and provide the Agency with a statement about the non-compliance and the methods taken to correct the non-compliance.



FEDERAL AWARDS COMPLIANCE



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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P.O. Box 5850, AVON, CO 81620

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado**

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yampa Valley Housing Authority (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Authority's internal control over financial reporting 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 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado

Compliance and Other Matters

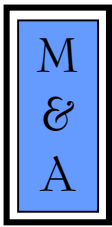
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
March 29, 2021



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado**

Report on Compliance for Each Major Program

We have audited the compliance of Yampa Valley Housing Authority (the "Authority") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Member: American Institute of Certified Public Accountants

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MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

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ASPEN: (970) 544-3996
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Yampa Valley Housing Authority
Steamboat Springs, Colorado**

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with 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 or 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.

March 29, 2021

Yampa Valley Housing Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2, U.S. Code of Federal Regulations, Part 200	None noted
Major programs:	
Rural Rental Housing Loan Program	CFDA #10.415
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Yampa Valley Housing Authority
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

The Authority had no findings for the year ended December 31, 2019.

Yampa Valley Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
<i>Direct programs:</i>			
Rural Rental Housing Loans	10.415	N/A	\$ 1,157,633
Rural Rental Assistance Payments	10.427	N/A	146,189
Total - U.S. Department of Agriculture			<u>1,303,822</u>
Department of Interior:			
<i>Direct programs:</i>			
Energy & Mineral Impact Assistance Program (EIAF)	15.437	N/A	128,835
Total - U.S. Department of Agriculture			
Department of the Treasury:			
<i>Direct programs:</i>			
Coronavirus Relief Fund	21.019	N/A	25,000
Total			<u>\$ 1,457,657</u>

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2020

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the Federal grant activity of Yampa Valley Housing Authority (the "Authority") and is presented on the modified accrual basis of accounting. The information in this 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"). Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the general purpose financial statements.

Note 2. Indirect Facilities and Administration Costs

The Authority has elected not to use the 10% de minimis cost rate allowed in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

Note 3. Loans Outstanding

The Authority participates in the Rural Housing Service loan program. The balance of such loans at December 31, 2020 is as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Balance of Direct Loans</u>
Rural Rental Housing Loans	10.415	\$ 1,104,119