

Fraser River Valley Housing Partnership

Financial Report

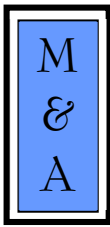
December 31, 2023



**Fraser River Valley Housing Partnership
Financial Report
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Fraser River Valley Housing Partnership
Fraser, CO**

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Fraser River Valley Housing Partnership (the "Partnership"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Partnership as of December 31, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Partnership's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITORS REPORT
To the Board of Directors
Fraser River Valley Housing Partnership
Fraser, CO

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 section B in accordance with U.S. GAAS, 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.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
Avon, Colorado
June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fraser River Valley Housing Partnership Management's Discussion and Analysis December 31, 2023

As management of the Fraser River Valley Housing Partnership (the "Partnership"), we offer readers of the Partnership's financial statements this narrative summary of the financial activities of the Partnership for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Partnership's 2023 financial statements.

FINANCIAL HIGHLIGHTS

- The Partnership's government-wide assets exceeded its liabilities at December 31, 2023 by \$989,589.
- The Partnership's net position increased by \$989,589 in 2023.

OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Partnership's basic financial statements. The Partnership's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide readers with an overview of the Partnership's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet / Statement of Net Position presents information on all the Partnership's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance / net position. The Balance Sheet column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Partnership is improving or deteriorating.

The Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities shows how the government's fund balance / net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures, and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The Partnership adopts an annual appropriated budget for its only fund – the General Fund. A budgetary comparison statement for the General Fund is presented on page C3 and has been provided to demonstrate compliance with this budget.

The Partnership's financial statements can be found on pages C1 through C3 of this report.

Notes to the Financial Statements: The notes provide a background of the entity, accounting policies utilized by the Partnership, relevant statutory considerations, and additional information that will aid in the reader's understanding of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

FINANCIAL ANALYSIS of the PARTNERSHIP

The following table summarizes the Partnership's net position at December 31, 2023:

| | <u>12/31/23</u> |
|---|-------------------|
| Assets: | |
| Current assets | \$ 2,763,055 |
| Non-current assets | <u>1,638</u> |
| Total Assets | <u>2,764,693</u> |
| Liabilities: | |
| Current liabilities | <u>76,335</u> |
| Total Liabilities | <u>76,335</u> |
| Deferred Inflow of Resources: | |
| Property tax revenue | <u>1,698,769</u> |
| Total Deferred Inflow of Resources | <u>1,698,769</u> |
| Net Position: | |
| Net investment in capital assets | 1,638 |
| Restricted | 35,000 |
| Unrestricted | <u>952,951</u> |
| Total Net Position | <u>\$ 989,589</u> |

The Partnership's net position – the extent to which assets exceeded liabilities – was \$989,588 at December 31, 2023.

The following table summarizes the changes in the Partnership's net position for 2023:

| | <u>2023</u> |
|---|-------------------|
| Revenues: | |
| Property taxes | 1,100,378 |
| Specific ownership taxes | 65,953 |
| Other revenues | <u>18,532</u> |
| Total Revenues | <u>1,184,863</u> |
| Expenses: | |
| Operating expenses | <u>195,274</u> |
| Total Expenses | <u>195,274</u> |
| Change in Fund Balance | 989,589 |
| Net Position - Beginning of Year | <u>-</u> |
| Net Position - End of Year | <u>\$ 989,589</u> |

The most significant source of revenue for the Partnership is property taxes.

The Partnership's total expenses for 2023 were \$195,274 primarily for salaries and benefits for the Partnership's staff, Treasurer's fees, and professional and legal services.

BUDGET VARIANCES in the GENERAL FUND

Significant budget variances in the General Fund during 2023 were as follows:

| | Final Budget | Actual | Positive / (Negative) Variance |
|------------------------|-------------------------|---------------|---|
| Revenues: | | | |
| Property taxes | 1,110,628 | 1,100,378 | (10,250) |
| Specific ownership tax | - | 65,953 | 65,953 |
| Expenditures: | | | |
| Salaries and wages | 81,563 | 55,154 | 26,409 |
| Professional services | 101,172 | 67,441 | 33,731 |
| Treasurer's Fees | - | 55,019 | (55,019) |

The Partnership budgeted property taxes, specific ownership taxes, and Treasurer's fees in total; the net variance between these line items is \$684.

The budget for salaries and wages anticipated an expense for 3 quarters of the fiscal year, however, the Executive Director started in August 2023 which resulted in lower actual expenses.

NEXT YEAR'S BUDGET

The Partnership's General Fund balance at the end of the 2023 fiscal year was \$987,951 . The Partnership's 2024 budget anticipates a \$989,639 increase in the General Fund balance.

REQUEST for INFORMATION

This financial report is designed to provide a general overview of the Partnership'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:

Fraser River Valley Housing Partnership
P.O. Box 744
Fraser, CO 80442
Attention: Executive Director

BASIC FINANCIAL STATEMENTS

**Fraser River Valley Housing Partnership
Governmental Fund Balance Sheet /
Government-wide Statement of Net Position
December 31, 2023**

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|---|-------------------------|-----------------------|--------------------------------------|
| Assets: | | | |
| Cash and cash equivalents | 1,058,906 | - | 1,058,906 |
| Cash with County Treasurer | 5,380 | - | 5,380 |
| Property tax receivable | 1,698,769 | - | 1,698,769 |
| Capital assets, net | - | 1,638 | 1,638 |
| Total Assets | <u>2,763,055</u> | <u>1,638</u> | <u>2,764,693</u> |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | 76,335 | - | 76,335 |
| Total Liabilities | <u>76,335</u> | <u>-</u> | <u>76,335</u> |
| Deferred Inflow of Resources: | | | |
| Property tax revenue | 1,698,769 | - | 1,698,769 |
| Total Deferred Inflow of Resources | <u>1,698,769</u> | <u>-</u> | <u>1,698,769</u> |
| Fund Balance: | | | |
| Spendable: | | | |
| Restricted | 35,000 | (35,000) | - |
| Unassigned | 952,951 | (952,951) | - |
| Total Fund Balance | <u>987,951</u> | <u>(987,951)</u> | <u>-</u> |
| Total Liabilities and Fund Balance | <u><u>1,064,286</u></u> | | |
| Net Position: | | | |
| Net investment in capital assets | | 1,638 | 1,638 |
| Restricted for emergencies | | 35,000 | 35,000 |
| Unrestricted | | 952,951 | 952,951 |
| Total Net Position | | <u><u>989,589</u></u> | <u><u>989,589</u></u> |

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

Fraser River Valley Housing Partnership
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance /
Government-wide Statement of Activities
For the Year Ended December 31, 2023

| | General Fund | Adjustments | Statement of Activities |
|--|-------------------------|--------------------|------------------------------------|
| Revenues: | | | |
| Property taxes | 1,100,378 | - | 1,100,378 |
| Specific ownership taxes | 65,953 | - | 65,953 |
| Interest and investment income | 18,432 | - | 18,432 |
| Other revenues | 100 | - | 100 |
| Total Revenues | 1,184,863 | - | 1,184,863 |
| Expenditures / Expenses: | | | |
| Salaries and wages | 55,154 | - | 55,154 |
| Benefits | 12,766 | - | 12,766 |
| Travel meals and entertainment | 3,245 | - | 3,245 |
| Professional services | 67,441 | - | 67,441 |
| Technology services | 2,047 | (2,047) | - |
| Bank fees | 704 | - | 704 |
| Marketing | 112 | - | 112 |
| Postage | 92 | - | 92 |
| Telephone | 332 | - | 332 |
| Treasurer's Fees | 55,019 | - | 55,019 |
| Depreciation expense | - | 409 | 409 |
| Total Expenditures / Expenses | 196,912 | (1,638) | 195,274 |
| Change in Fund Balance / Net Position | 987,951 | 1,638 | 989,589 |
| Fund Balance / Net Position - Beginning of Year | - | - | - |
| Fund Balance / Net Position - End of Year | 987,951 | 1,638 | 989,589 |

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

Fraser River Valley Housing Partnership
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2023

| | 2023 | | | Final Budget Variance: Positive (Negative) |
|---|----------------------------|-------------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Property taxes | 1,110,628 | 1,110,628 | 1,100,378 | (10,250) |
| Specific ownership taxes | - | - | 65,953 | 65,953 |
| Interest and investment income | 18,432 | 18,432 | 18,432 | - |
| Other revenues | - | - | 100 | 100 |
| Total Revenues | 1,129,060 | 1,129,060 | 1,184,863 | 55,803 |
| Expenditures: | | | | |
| Salaries and wages | 81,563 | 81,563 | 55,154 | 26,409 |
| Benefits | - | - | 12,766 | (12,766) |
| Travel meals and entertainment | 961 | 961 | 3,245 | (2,284) |
| Professional services | 101,172 | 101,172 | 67,441 | 33,731 |
| Technology services | 714 | 714 | 2,047 | (1,333) |
| Bank fees | 600 | 600 | 704 | (104) |
| Registration fees | 50 | 50 | - | 50 |
| Marketing | - | - | 112 | (112) |
| Supplies | 274 | 274 | - | 274 |
| Non-capital equipment | 400 | 400 | - | 400 |
| Postage | - | - | 92 | (92) |
| Telephone | 700 | 700 | 332 | 368 |
| Capital outlay | 2,375 | 2,375 | - | 2,375 |
| Treasurer's Fees | - | - | 55,019 | (55,019) |
| Total Expenditures | 188,809 | 188,809 | 196,912 | (8,103) |
| Change in Fund Balance | 940,251 | 940,251 | 987,951 | 47,700 |
| Fund Balance - Beginning of Year | - | - | - | - |
| Fund Balance - End of Year | 940,251 | 940,251 | 987,951 | 47,700 |

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

NOTES TO THE FINANCIAL STATEMENTS

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

Fraser River Valley Housing Partnership (the “Partnership”) is a multi-jurisdictional housing authority formed in April 2022 through an intergovernmental agreement to facilitate the development of workforce housing units. The Partnership will identify ways to support workforce housing projects and implement programs that increase the inventory of available units.

The creation of the Partnership was authorized via an Intergovernmental Agreement executed effective April 12, 2022, with operations commencing in 2023. Participating governmental entities include Grand County, Colorado; the Town of Winter Park, Colorado; the Town of Fraser, Colorado; and the Town of Granby, Colorado. The agreement is further explained in footnote C. to these financial statements.

The Partnership is governed by an appointed seven-member Board of Directors (the “Board”): one Director is appointed by each participating entity with three additional “at-large” Directors appointed by the Board.

The Partnership’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 Partnership 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 Partnership, and (b) organizations for which the Partnership is financially accountable. The Partnership 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 Partnership. 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 Partnership. Organizations for which the nature and significance of their relationship with the Partnership 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 Partnership is neither a component unit of any other government nor has any component units for which it is responsible.

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

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

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

In the Governmental Fund Balance Sheet / Government-wide Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Partnership's net position is reported in three parts, as needed – investment in capital assets, restricted, and unrestricted.

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

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

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

C. Measurement Focus and Basis of Accounting

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

1. Long-term Economic Focus and Accrual Basis

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

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 to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Investments

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.

The Partnership 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. Receivables

Receivables are comprised of amounts due from other governments, taxes receivable, or other entities, and are reported net of an allowance for uncollectible accounts. At December 31, 2023, the Partnership recorded an allowance of \$- related to accounts receivable. The Partnership considers all other receivables to be collectible.

3. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Partnership has one type of item that qualifies for reporting in this category. The item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period the amounts become available and earned.

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets

Capital assets are defined by the Partnership as assets with an initial cost of \$5,000 or more. Purchased assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Buildings and improvements, infrastructure, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| Asset | Estimated Useful Life (Years) |
|------------------|--|
| Office equipment | 5 - 7 years |

5. Fund Balance

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 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 Partnership 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 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.

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Fund Balance (continued)

The Partnership 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 Partnership first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Partnership has adopted and committed a minimum fund balance policy in an amount of three months of average operating expenses.

6. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Partnership'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 Partnership'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 Partnership adds assets including \$2,047 in capital assets and accumulated depreciation of \$409.

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 Partnership's financial statements also include a reconciliation between the 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. Expenditures increased \$409 for depreciation expense.

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

The Partnership followed this process in preparing, approving, and enacting its budget for fiscal year 2023:

- (1) On or before October 15, 2022, the Partnership submitted to the Board a recommended budget that detailed the revenues necessary to meet the Partnership's operating requirements.
- (2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15, 2022.
- (3) After adoption of the initial budget resolution, the Partnership may make the following changes: (a) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) it may approve emergency appropriations; and (c) it may reduce appropriations for which originally estimated revenues are insufficient.

B. 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.

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 Partnership has reserved \$35,000 of the December 31, 2023 fund balance in the General Fund for this purpose.

On November 8, 2022, the Partnership electorate approved the following with regard to TABOR limitations: shall the Partnership be authorized to collect, retain and spend the proceeds from such property taxes and all other revenues received for the purposes described above which shall constitute a voter approved revenue change and an exception to the limitations contained within Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S., or any other law.

The Partnership'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.

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

Colorado's Public Deposit Protection Act (the "PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. 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 Federal Deposit Insurance Corporation (the "FDIC") insures the first \$250,000 of the Partnership's interest-bearing deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by the PDPA. The Partnership's deposits at December 31, 2023 are entirely covered by the FDIC or by the PDPA.

At December 31, 2023, the carrying value of the Partnership's deposits was \$1,058,906 and the bank balance of these accounts was \$1,058,906. The difference between carrying and bank balances represents items that had not cleared the bank at year-end.

At year-end, the Partnership had the following cash and investments, with the following ratings and maturities:

| <u>Type</u> | <u>Standard & Poors Rating</u> | <u>Carrying Amount</u> | <u>Maturities</u> | |
|--------------------------|------------------------------------|------------------------|---------------------------|--------------------------|
| | | | <u>Less than One Year</u> | <u>One to Five Years</u> |
| <i>Deposits:</i> | | | | |
| Checking | Not Rated | \$ 108,271 | \$ 108,271 | \$ - |
| Savings and money market | Not Rated | 950,635 | 950,635 | - |
| Total | | <u>\$ 1,058,906</u> | <u>\$ 1,058,906</u> | <u>\$ -</u> |

B. Receivables

The Partnership had the following receivables as of December 31, 2023:

| | <u>General Fund</u> |
|------------------------|---------------------|
| Property taxes | \$ 1,698,769 |
| Specific ownership tax | 5,380 |
| Total | <u>\$ 1,704,149</u> |

Fraser River Valley Housing Partnership
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

At December 31, 2023, the Partnership had the following capital assets:

| | <u>12/31/22</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/23</u> <u>Balance</u> |
|-----------------------------------|-----------------------------------|------------------|------------------|-----------------------------------|
| <i>Governmental Activities:</i> | | | | |
| Capital assets being depreciated: | | | | |
| Office equipment | \$ - | \$ 2,047 | \$ - | \$ 2,047 |
| Less: accumulated depreciation | - | (409) | - | (409) |
| Governmental Activities | | | | |
| Capital Assets, net | <u>\$ -</u> | <u>\$ 1,638</u> | <u>\$ -</u> | <u>\$ 1,638</u> |

V. Other Information

A. Legal Claims

During the normal course of business, the Partnership incurs claims and other assertions against it from various agencies and individuals. Management of the Partnership and their legal counsel feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2023.

B. Intergovernmental Agreement

Effective April 12, 2022, Grand County, the Town of Winter Park, the Town of Fraser, and the Town of Granby executed an intergovernmental agreement (the "Agreement") to establish the Partnership. The IGA is to remain in effect indefinitely but can be terminated by approval of 66% of the Partnership's Board. Any Party may terminate its participation in this Agreement as of the end of any calendar year by giving at least 6 months written notice to the other parties provided that such withdrawing Party shall pay all of its obligations including any effective funding agreement to the effective date of the termination of its participation.

On May 13, 2023, the Partnership's Board approved a Memorandum of Understanding with the Town of Winter Park for hiring, employing, and paying for employment and benefits of an executive director in the same manner it does for Winter Park employees, and the Partnership shall reimburse Winter Park for the salary and employee benefits paid by Winter Park to the executive director.