

SOMERVILLE AFFORDABLE HOUSING TRUST

FINANCIAL REVIEW

FISCAL YEAR ENDED 2017 AND 2016



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Management of the Somerville Affordable Housing Trust:

We have performed the procedures enumerated below, which were agreed to by you, to assist you in evaluating the accompanying Balance Sheet and Statement of Sources and Uses of Funds for the years ended June 30, 2017 and 2016 of the Somerville Affordable Housing Trust Fund. The Somerville Affordable Housing Trust Fund's management is responsible for these statements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Performed and Results

In approaching this engagement we look at the Somerville Affordable Housing Trust Fund as having two reporting elements: the Somerville Affordable Housing Trust Fund and the Community Preservation Fund. We will report on each element independently for each fiscal year.

- Since the Somerville Affordable Housing Trust Fund is a component of City operations the cash position of the Somerville Affordable Housing Trust Fund was not subject to examination procedures as part of this engagement.

Somerville Affordable Housing Trust Fund

- The Somerville Affordable Housing Trust Fund had \$1.6 million in loans outstanding at June 30, 2017. Four loans were selected for compliance testing. This included reviewing:
 - Original loan/Promissory note
 - Examining the check issued
 - Examining the HUD-1
 - Examining the Appraisal
 - Examining the certifications of ownership
 - Examining eligibility paperwork (tax returns, paychecks, etc.)

Our tests results found everything to be in order and well documented. We should also mention that these test selections were request upon our arrival and were promptly provided.

- The Somerville Affordable Housing Trust Fund expended \$83,165 in vendor payment during FY2017 and FY2016. A total of \$34,488 (41.5%) was selected for testing. We examined the invoice, check, request for payment signed by the Assistant Housing Director, rental assistance and payroll registers.

The results of our testing yielded no findings.

- The Somerville Affordable Housing Trust Fund received \$99,894 in general revenues in FY2017 and FY2016. A total of \$45,905 (45.9%) was selected for testing. We examined the audit transaction list, check, deposit slip and loan payment schedule (if applicable).

The results of our testing yielded no findings.

- The Somerville Affordable Housing Trust Fund received \$1,092,310 in mitigation revenues in FY2017 and FY2016. This was made up of 4 payments and all were selected for testing. We examined the check, project mitigation agreement, correspondence between the City and the vendor, and confirmation of payment received.

The results of our testing yielded no findings.

Community Preservation Fund

- The Community Preservation Fund had receipts related only to interest income, which was minimal. We did not test this revenue source.
- The Community Preservation Fund had expenditures totaling \$1,081,299, all of which was related to the issuance of three non-profit construction loans issued in March of 2017. We tested all three loans. We examined the dockets requesting the transfer of funds to create the funding, check, the loan agreement between the City and the vendor, requisition certificate and contractor payment requests (which included detail progress reports and subcontractor invoices).

The results of our testing yielded no findings.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying statements of Somerville Affordable Housing Trust Fund. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the management of the Somerville Affordable Housing Trust Fund and is not intended to be and should not be used by anyone other than these specified parties.



November 15, 2017

**SOMERVILLE AFFORDABLE HOUSING TRUST FUND
BALANCE SHEET**

JUNE 30, 2017

	Affordable Housing Trust Fund	Community Preservation Fund	Total
<u>ASSETS:</u>			
Cash.....	\$ 2,500,842	\$ 3,661,005	\$ 6,161,847
Notes Receivable.....	1,788,926	1,200,658	2,989,584
TOTAL ASSETS.....	<u>4,289,768</u>	<u>4,861,663</u>	<u>9,151,431</u>
<u>LIABILITIES</u>			
Deferred revenue.....	1,788,926	1,200,658	2,989,584
FUND BALANCE.....	<u>2,500,842</u>	<u>3,661,005</u>	<u>6,161,847</u>
TOTAL LIABILITIES AND FUND BALANCE....	<u>\$ 4,289,768</u>	<u>\$ 4,861,663</u>	<u>\$ 9,151,431</u>

SOMERVILLE AFFORDABLE HOUSING TRUST FUND
STATEMENT OF SOURCES AND USES OF FUNDS

FISCAL YEAR ENDED JUNE 30, 2017

	Affordable Housing Trust Fund	Community Preservation Fund	Total
<u>SOURCES OF FUNDS:</u>			
Repayment of loans issued by Affordable Housing Trust Fund.....	\$ 41,733	\$ -	\$ 41,733
Interest received on Affordable Housing Trust Fund Loans.....	18,448	-	18,448
Interest income.....	17,100	4,630	21,730
Mitigation revenue.....	869,625	-	869,625
TOTAL SOURCES OF FUNDS.....	946,906	4,630	951,536
<u>USES OF FUNDS:</u>			
Salaries.....	6,425	-	6,425
Grants made to various programs and providers.....	63,250	-	63,250
Housing assistance.....	-	35,820	35,820
Advertising.....	269	-	269
Non-profit construction loan.....	200,000	1,233,680	1,433,680
TOTAL EXPENSES.....	269,944	1,269,500	1,539,444
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	676,962	(1,264,870)	
OTHER FINANCING SOURCES (USES)			
Transfers from City Community Preservation Fund.....	-	880,416	880,416
NET CHANGE IN FUND BALANCE.....	676,962	(384,454)	292,508
FUND BALANCE BEGINNING OF PERIOD.....	1,823,880	4,045,459	5,869,339
FUND BALANCE END OF PERIOD.....	\$ 2,500,842	\$ 3,661,005	\$ 6,161,847

**SOMERVILLE AFFORDABLE HOUSING TRUST FUND
BALANCE SHEET**

JUNE 30, 2016

	Affordable Housing Trust Fund	Community Preservation Fund	Total
ASSETS:			
Cash.....	\$ 1,824,088	\$ 4,045,459	\$ 5,869,547
Notes Receivable.....	1,634,380	-	1,634,380
TOTAL ASSETS.....	3,458,468	4,045,459	7,503,927
LIABILITIES			
Accrued payroll.....	208	-	208
Deferred revenue.....	1,634,380	-	1,634,380
TOTAL LIABILITIES.....	1,634,588	-	1,634,588
FUND BALANCE.....	1,823,880	4,045,459	5,869,339
TOTAL LIABILITIES AND FUND BALANCE.....	\$ 3,458,468	\$ 4,045,459	\$ 7,503,927

SOMERVILLE AFFORDABLE HOUSING TRUST FUND
STATEMENT OF SOURCES AND USES OF FUNDS

FISCAL YEAR ENDED JUNE 30, 2016

	Affordable Housing Trust Fund	Community Preservation Fund	Total
SOURCES OF FUNDS:			
Repayment of loans issued by Affordable Housing Trust Fund...	\$ 46,040	\$ -	\$ 46,040
Interest received on Affordable Housing Trust Fund Loans.....	26,577	-	26,577
Interest income.....	4,803	4,756	9,559
Mitigation revenue.....	1,092,310	-	1,092,310
TOTAL SOURCES OF FUNDS.....	1,169,730	4,756	1,174,486
USES OF FUNDS:			
Salaries.....	6,192	-	6,192
Grants made to various programs and providers.....	61,650	-	61,650
Housing assistance.....	72,494	-	72,494
TOTAL EXPENSES.....	140,336	-	140,336
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,029,394	4,756	1,034,150
OTHER FINANCING SOURCES (USES)			
Transfers from City Community Preservation Fund.....	-	250,000	250,000
Transfers from Community Housing.....	-	1,584,675	1,584,675
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,834,675	1,834,675
NET CHANGE IN FUND BALANCE.....	1,029,394	1,839,431	2,868,825
FUND BALANCE BEGINNING OF PERIOD.....	794,486	2,206,028	3,000,514
FUND BALANCE END OF PERIOD.....	\$ 1,823,880	\$ 4,045,459	\$ 5,869,339