

**HOUSING AUTHORITY OF THE  
CITY OF GRAND JUNCTION  
Grand Junction, Colorado**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT**

**SEPTEMBER 30, 2016**



**RECEIVED**

*By Justin L. Smith at 12:24 pm, Apr 28, 2017*

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Housing Authority of the City of Grand Junction  
Grand Junction, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the City of Grand Junction ("Housing Authority"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of the discretely presented component units, as of and for the year ended December 31, 2016, and have issued our reports dated February 23, 2017.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing 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 Housing 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 presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of September 30, 2016, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements. The accompanying supplementary information required by HUD and the computation of surplus cash, distributions, and residual receipts are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are also not a required part of the financial statements.

The combining statements, schedule of expenditures of federal awards, supplementary information required by HUD, and computation of surplus cash, distributions, and residual receipts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 April 5, 2017, on our consideration of the Housing 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 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 Housing Authority's internal control over financial reporting and compliance.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
April 5, 2017

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION  
Grand Junction, Colorado**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

The management of the Grand Junction Housing Authority (GJHA) offers this narrative overview and analysis of its audited financial statements for fiscal year ended September 30, 2016. The goal is for the reader to better understand the Authority's financial activities and its overall financial position and to show whether current year revenue covered current year expenses and the extent to which GJHA has invested its capital assets. We encourage readers to consider the information presented here in conjunction with GJHA's financial statements, which begins on page 13.

**FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT**

- GJHA's assets exceed its liabilities as of September 30, 2016 by \$17,825,896 compared to \$16,211,936 as of September 30, 2015. This was an increase of \$1,613,960 from 2015 to 2016, as an asset increase of \$8,711,690 was not fully offset by a total liability increase of \$7,097,730.
- GJHA's net investment in capital assets as of September 30, 2016 was \$5,669,932, reflecting an increase of \$247,686 from September 30, 2015. This was primarily due to GJHA's cash investments in the 8 Foresight Circle Building and the Nellie Bechtel Apartments purchase.
- GJHA's total operating revenue for the fiscal year ended September 30, 2016 was \$12,972,503.
- GJHA's total operating expenses for the fiscal year ended September 30, 2016 were \$11,457,970. Therefore, GJHA's total operating revenue exceed its operating expenses by \$1,514,533.
- GJHA's total non-operating revenue for the fiscal year ended September 30, 2016 was \$65,484, resulting in a net income of \$1,580,017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following financial statements are included in this report and provide comparisons between this and last year:

- *Statement of Net Position* - reports GJHA's current financial resources: its cash and other current assets, its current and non-current liabilities and comparing those two elements, the resulting net position of GJHA.
- *Statement of Revenue and Expenses* - reports GJHA's various revenue and expenses.
- *Statement of Cash Flows* - reports GJHA's resulting cash flows from: operating activities, capital and related financing activities, and investing activities.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

<b>STATEMENT OF NET POSITION</b>			
<b>SEPTEMBER 30, 2016 AND 2015</b>			
	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>
<b>ASSETS</b>			
Current assets	\$ 5,691,238	\$ 4,324,078	\$ 1,367,160
Capital assets	19,482,658	12,362,959	7,119,699
Other assets	6,779,916	5,383,688	1,396,228
Restricted assets	464,811	1,636,208	(1,171,397)
<b>Total Assets</b>	<b>\$ 32,418,623</b>	<b>\$ 23,706,933</b>	<b>\$ 8,711,690</b>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities	\$ 4,313,520	\$ 882,452	\$ 3,431,068
Non-current liabilities	10,279,207	6,612,545	3,666,662
Total Liabilities	14,592,727	7,494,997	7,097,730
Net investment in capital assets	5,669,932	5,422,246	247,686
Restricted	247,687	1,001,754	(754,067)
Unrestricted	11,908,277	9,787,936	2,120,341
Total Equity/Net Position	17,825,896	16,211,936	1,613,960
<b>Total Liabilities and Net Position</b>	<b>\$ 32,418,623</b>	<b>\$ 23,706,933</b>	<b>\$ 8,711,690</b>

<b>STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION</b>			
<b>YEARS ENDED SEPTEMBER 30, 2016 AND 2015</b>			
	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>
<b>OPERATING REVENUE</b>			
Operating grants	\$ 9,671,154	\$ 8,623,336	\$ 1,047,818
Other operating revenue	1,462,777	926,093	536,684
Dwelling rentals income - tenants	1,838,572	1,300,538	538,034
Total Operating Revenue	12,972,503	10,849,967	2,122,536
<b>OPERATING EXPENSES</b>			
Housing assistance payments	6,343,554	6,717,447	(373,893)
Administration	2,608,787	2,279,133	329,654
Tenant services	106,071	101,315	4,756
Depreciation	770,331	622,040	148,291
Maintenance & operations	1,034,052	897,549	136,503
Utilities	353,501	290,143	63,358
General & insurance expenses	241,674	183,129	58,545
Total Operating Expenses	11,457,970	11,090,756	367,214
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Interest income	411,348	399,765	11,583
Interest expense	(345,864)	(180,885)	(164,979)
(Loss) gain on sale of fixed assets	-	(445)	445
Total Nonoperating Revenue	65,484	218,435	(152,951)
Prior period adjustments	33,943	(54,374)	88,317
<b>Change in Net Position/Net Income</b>	<b>\$ 1,613,960</b>	<b>\$ (76,728)</b>	<b>\$ 1,690,688</b>

<b>STATEMENT OF CASH FLOWS</b>			
<b>YEARS ENDED SEPTEMBER 30, 2016 AND 2015</b>			
	<b>2016</b>	<b>2015</b>	<b>Changes in Cash Flow</b>
<b>Cash Flows From Operating Activities</b>			
Operating Grants	\$ 9,260,934	\$ 8,639,032	\$ 621,902
Other Income	1,892,148	938,614	953,534
Tenants/Participants	1,878,496	1,304,267	574,229
Housing Assistance Payments	(6,343,554)	(6,717,447)	373,893
Vendors Payments	(3,155,764)	(2,074,459)	(1,081,305)
Employee Payments	(1,961,720)	(1,809,686)	(152,034)
Net Cash Provided by Operating Activities	1,570,540	280,321	1,290,219
<b>Cash Flows From Capital &amp; Related Financing Activities</b>			
Notes Receivable Issued	(1,120,244)	-	(1,120,244)
Tax Credit Fees	-	959,222	(959,222)
Acquisition of Capital Assets	(7,651,490)	(1,196,732)	(6,454,758)
Principal Payments	6,872,013	(347,803)	7,219,816
Interest Payments	(367,229)	(141,435)	(225,794)
Net Cash (Used In) Capital & Related Financing Activities	(2,266,950)	(726,748)	(1,540,202)
<b>Cash Flows From Noncapital Financing Activities</b>			
Equity Transfers	(67,959)	-	(67,959)
Cash Flows From Investing Activities - Interest Received	126,485	191,984	(65,499)
<b>Net Increase (Decrease) in Cash</b>	<b>\$ (637,884)</b>	<b>\$ (254,443)</b>	<b>\$ (383,441)</b>

# HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

## Grand Junction, Colorado

### MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued FISCAL YEAR ENDED SEPTEMBER 30, 2016

#### **ANALYSIS OF FINANCIAL STATEMENTS**

##### **STATEMENT OF NET ASSETS - see page 6**

- **Current Assets** increased \$195,763 primarily due to the receipt of the first installment of The Highlands Developer Fee (\$500k).
- **Capital Assets** increased \$7,119,699 primarily due to the completion of the Foresight Building renovation (\$3,409,450), acquisition of Nellie Bechtel (\$4,669,830) and capital improvements at Ratekin Tower (\$427,977). These increases were offset by the transitioning of Construction Work in Progress at The Highlands to the LLLP (\$793,637).
- **Other Assets** increased \$1,396,228 primarily due to increase in notes receivable (\$1,171,793) and investment in The Highlands (\$254,435).
- **Restricted Assets** decreased by \$1,171,397 mostly due to:
  - the transfer of Ratekin Tower replacement reserve funds to its operating account (including \$91k for energy upgrades, \$40k for elevator cab interiors, \$18k for concrete work, and several flooring replacements)
  - Board approved release of General Fund's Reserve for Ratekin (\$369k)
  - Board approved release of General Fund's Reserve for Crystal Brook (\$31k)
  - Board approved release of Crystal Brook's Balloon Reserve (\$156k)
- **Current Liabilities** increased by \$3,431,068 primarily due to the inclusion of the Foresight Building debt in the current classification (\$2,664,000) as at the end of the audit period it was not yet converted from a construction to permanent loan. Additionally, the increase in the current portion of long term debt (the amount of principal scheduled to be paid down within the next 12-month period) increased the total amount of debt classified as current. As the mortgage amortizes over time, the amount of each monthly payment's allocation to principal increases.
- **Non-Current Liabilities** increased \$3,666,662 primarily due to the addition of the long term portion of the Nellie Bechtel mortgage (\$3,881,450).
- **Net Investment in Capital Assets** increased \$247,686 due to the offsetting reductions in debt payable associated with capital assets and investment into the Nellie Bechtel acquisition (\$403,711).

**Agency wide Restricted Net Position** decreased by \$754,067 primarily due to the Board approved release of designated reserves for Ratekin Tower (\$369k) and Crystal Brook Balloon Payment (\$156k), as well as a Ratekin Reserve for Replacement release (\$91,294) to pay matching funds required for an Energy Outreach grant.

- Unrestricted Net Position for all programs** increased by \$2,120,341 primarily due to
- decreasing debt balances due to regular payments being made on mortgages,
  - receipt of payment on the first installment of The Highlands Phase 1 Developer Fee of \$500k,
  - Highlands 1 pre-development expense reimbursement of \$943k,
  - Housing Choice Voucher increased by \$77k,
  - Walnut Park increased by \$48k.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS - see page 6

**REVENUE** - (Operating and Non-Operating)

- **Operating Grants** increased by \$1,047,818, primarily due to an increase of \$1,027,252 in Acquisitions and Development Grants (City of Grand Junction and Colorado Division of Housing) for The Highlands Phase 1; also:
  - Walnut Park Mark up to Market renewal increased rent assistance grant
  - Family Self-Sufficiency did not receive a calendar year 2016 grant
  - Housing Choice Vouches did not absorb Port-In's in 2016
  - Homeownership's Colorado Attorney General sponsored program ended

Operating Grants Description	2016	2015	Difference
Lincoln Apartments - City of Grand Junction	\$ 265	\$225	40
Home Ownership - Housing Counseling (NFMC)	13,945	16,891	-2,946
Walnut Park – CDBG Drawdown	0	50,000	-50,000
Housing Advocate - Mesa County Dept. of Human Services	116,700	116,275	425
Ratekin Tower - HUD Rent Assistance Grant	525,912	517,215	8,697
Walnut Park - HUD Rent Assistance Grant	325,341	251,667	73,674
Family Self Sufficiency - HUD Administrative Grant	11,585	52,467	-40,882
Vouchers - HUD Housing Assistance Payments	5,816,415	6,274,336	-457,921
Vouchers - HUD Administrative Grant	998,282	900,316	97,966
Vouchers - Port In	119,767	8,324	111,443
Tenant Based Rental Assistance – Mesa County DHS	58,300	58,100	200
Tenant Based Rental Assistance – Colorado Division of Housing	226,922	300,000	-73,078
Home Ownership - Colorado Attorney General	0	10,000	-10,000
Walnut Park Service Coordinator - HUD	51,986	46,919	5,067
8 Foresight Cir-Energy Outreach of Colorado	20,000	0	20,000
Ratekin Tower- Energy Outreach of Colorado - Weatherization	332,543	0	332,543
Acquisitions and Developments (GJ City and CDOH)	1,027,252	0	1,027,252
Doors 2 Success - United Way (Funds received in one category now)	16,939	18,101	-1,162
Colorado Health Links	1,000		1,000
Nellie Bechtel - Colorado Realtor Foundation	5,000		5,000
Foundation grants – Doors to Success	3,000	2,500	500
<b>Total Operating Grants</b>	<b>\$9,671,154</b>	<b>\$8,623,336</b>	<b>1,047,818</b>

- **Other Operating Revenue** - increased by \$536,684 primarily due to receipt of first installment of Highlands Phase 1 Developer Fee (\$500,000).
- **Dwelling Rentals Income** - increased by \$538,034 primarily due to acquisition of Nellie Bechtel.

# HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

## Grand Junction, Colorado

### MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FISCAL YEAR ENDED SEPTEMBER 30, 2016

#### **ANALYSIS OF FINANCIAL STATEMENTS - Continued**

##### STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued - see page 6

#### **EXPENSES** - (Operating and Non-Operating)

- **Housing Assistance Payments** decreased by \$373,893 in comparison to 2015 when the Housing Choice Voucher program was over leased. During the 2015 fiscal year period, 994 more unit months were leased than in the 2016 fiscal year.
- **Administration Expenses** increased by \$329,654 primarily due to the acquisition of Nellie Bechtel and its resulting administration expenses (\$172,874) and increased General Administration (\$89,966) and Acquisitions and Development expense (\$55,897).
- **Tenant Services** increased by \$4,756 due to increased expenditures at Ratekin Tower for tenant relocation during unit floods and the addition of Nellie Bechtel Apartments to the portfolio.
- **Maintenance & Operations** increased by \$136,503 due primarily increased expenses incurred for Nellie Bechtel, General Administration (\$60k increase), Housing Choice Vouchers (\$23k increase) and Crystal Brook (ADA ramps and decking, \$17k increase).
- **Utilities'** costs increased \$63,358 primarily due to the addition of Nellie Bechtel to the portfolio and full occupancy of the Foresight building. These increases were somewhat offset by savings at Ratekin Tower from an energy efficiency upgrade project and decreased expenses at the 1011 North St Building.
- **Interest Expense** increased by \$164,979 due to the additional expense related to the mortgages financing Nellie Bechtel and the Foresight building. This was somewhat offset by the reduction generated through normal amortization.

##### STATEMENT OF CASH FLOWS - see page 6

**Net Cash** decreased \$637,884.

➤ Net Cash Provided by Operating Activities was \$1,570,540 primarily from the following:

- Courtyard Apartments provided \$59,662
- Crystal Brook provided \$140,815
- Ratekin Tower provided \$530,317 (Energy Outreach Colorado grant)
- Walnut Park provided \$198,709
- Housing Choice Vouchers used \$336,032 (awaiting repayment of disputed HUD Housing Assistance Payments recapture)
- Monument Business Center provided \$80,300 (through commercial leasing)
- Acquisitions and Development provided \$732,359 (primarily from CDOH grant)
- General Administration used \$232,848 (investing in the Foresight building and Nellie Bechtel)
- Lincoln Apartments provided \$21,823

# HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

## Grand Junction, Colorado

### MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued FISCAL YEAR ENDED SEPTEMBER 30, 2016

#### **ANALYSIS OF FINANCIAL STATEMENTS - Continued**

##### STATEMENT OF CASH FLOWS - Continued - see page 6

- Net Cash Used In Capital and Related Financing Activities was \$2,266,950, primarily from the following:
  - Notes Receivable issuance and activity in Acquisition and Development- (\$1,163,252)
    - Highlands GAP loan- (\$331,721)
    - Highlands Land Loan- (\$136,000)
    - Highlands CDOH Loan- (\$695,530)
  - Capital assets purchases in General Administration – (\$2,928,419) (Foresight Building)
  - Developer fee payments from tax credits (and other notes receivable) in General Administration- \$43,008 (Village Park and Arbor Vista Developer Fee loans and Linden Pointe CDOH loan)
  - Capital assets purchases at Ratekin Tower – (\$428,247) (energy upgrades)
  - Mortgage proceeds minus principal and interest payments on properties – (\$6,504,784)
  
- Net Cash Used in Noncapital Financing Activities was \$67,959, resulting from General Administration equity transfers.
  
- Net Cash Provided by Investing Activities was \$128,485 from interest received. This includes interest and payments related to internal soft loans, such as
  - Village Park Deferred Developer Fee Loan
  - Arbor Vista Deferred Developer Fee Loan
  - Linden Pointe CDOH Loan

#### **SIGNIFICANT TRANSACTIONS**

- GJHA committed 37 Project Based Housing Choice Vouchers to the Nellie Bechtel Apartments, a senior community with supportive services.
- GJHA leased up 40 Project Based Vouchers committed to Cardinal Capital for its development, Pathways Village, a supportive housing development intended to serve homeless persons in collaboration with Homeward Bound of the Grand Valley, in May 2016.
- GJHA received the second 50% of an award of \$600,000 in Tenant Based Rental Assistance (HOME Funds provided by the Colorado Division of Housing) for the Next Step Program. GJHA also received commitment for a new award \$600,000 TBRA grant beginning in October 2016.
- The GJHA completed renovations in May 2016 on 8 Foresight Circle for use as a new office building and Voucher Service Center. In November 2016, the Construction Loan executed with Bank of Colorado was converted to a permanent mortgage in the amount of \$2,664,000.
- Construction work began on The Highlands development, a service enriched senior 9% LIHTC property, after notification from the Colorado Housing and Finance Authority of a \$1.25M tax credit award, and a construction loan and equity closing with Wells Fargo on April 1, 2016. An initial developer fee payment of \$500,000 was received, and GJHA was reimbursed for Pre-Development Costs expended to date (\$942,000).

# HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

## Grand Junction, Colorado

### MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FISCAL YEAR ENDED SEPTEMBER 30, 2016

- In 2016, significant energy efficiency upgrades along with an upgrade of common area furnishings and cosmetic improvement program were completed at Ratekin Tower with the support of and Energy Outreach Colorado (\$332,543) grant and a match of \$91,294 of Ratekin's own funds.
- In December of 2015, GJHA acquired Nellie Bechtel Apartments, a 96-unit senior apartment community for a purchase price of \$5,000,000. The purchase was financed with a mortgage from Bank of Colorado secured by Nellie Bechtel (\$4,000,000), a bridge loan secured by Lincoln Apartments (\$600,000), and a General Fund bridge loan.

### **BUDGETARY HIGHLIGHTS**

- During 2016, GJHA utilized 99.98% (December 2016) of its awarded Housing Choice Voucher Program units.
- In May 2016, GJHA completed an early termination and Mark-up-to-Market contract renewal for Walnut Park's 78 original units. Increased rents (effective back to December 2015) resulted in an increase of \$7,722 in monthly gross rent potential, with each individual original unit's contract rent increasing from \$551/month to \$650/month.
- The Housing Authority continues to work on the self-sustainability of all programs/properties by seeking new sources of funding and reducing costs wherever possible.
- The commercial tenant occupying office space at Ratekin Tower notified GJHA that it would be vacating the space when its current lease expired at the end of September 2016. GJHA is actively seeking a new non-profit tenant at the current market rate.
- Final Administrative Fee proration for Housing Choice Vouchers for calendar year 2016 has been set by HUD at 83.856%.

### **FUTURE EVENTS**

- In late 2012, the Board of Commissioners and Senior Staff of the Housing Authority developed a 5-Year Strategic Plan which has identified a series of Board priorities and objectives, measures, targets and initiatives for achieving those priorities and objectives. The plan was updated in 2016 and the Board is provided periodic updates. Included within the plan are objectives focused on meeting ongoing needs for affordable housing, developing additional affordable housing, consolidating staff into one location, and demonstrating stewardship and accountability.
- GJHA anticipates submitting an application to the Colorado Housing and Finance Authority in 2017 for an allocation of 9% Low Income Housing Tax Credits to construct Phase 2 of The Highlands, which will also be a senior service-enriched community.
- Following the move to Foresight Circle, 1011 N 10<sup>th</sup> Street is being marketed for resale to a new owner.
- At the end of Fiscal Year 2016, GJHA awaited receipt of a Section 8 Rental Assistance contract that would increase the subsidized unit count at Walnut Park from 78 to 90. This contract was received and effective November 1, 2016, allowing 12 project based HCV vouchers to be placed back into community-wide circulation.

# HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

## Grand Junction, Colorado

### MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FISCAL YEAR ENDED SEPTEMBER 30, 2016

- GJHA obtained a funding commitment from the Colorado Division of Housing to finance development wide improvements and bridge loan debt retirement at Nellie Bechtel Apartments. This funding consists of both low cost debt and grant award to pay down principle debt balances. The total award amount is not sufficient to fund all rehabilitation needs at the property, so GJHA will continue to seek other funding sources.
- At the end of Fiscal Year 2016, GJHA awaited an award of a project based Section 8 Housing Assistance Payments Contract for Nellie Bechtel. The contract was ultimately received and executed effective 10/31/2016, providing project based subsidy for 47 units at Nellie Bechtel.
- GJHA received a payment from HUD in December 2016 reimbursing it for previously recaptured Housing Assistance Payments related to disputed calendar year 2015 overleasing. The total amount recaptured for this overleasing amounted to \$86,775. The reimbursed amount was included in Accounts Receivable for purposes of this audit.

### **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of GJHA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Chief Executive Officer, Chief Operating Officer, or Controller Grand Junction Housing Authority, 8 Foresight Circle, Grand Junction, CO 81505.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**

**BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**STATEMENT OF NET POSITION**

	PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL
<u>ASSETS</u>	SEPTEMBER 30, 2016	DECEMBER 31, 2016	(MEMORANDUM ONLY)
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 2,946,643	\$ 372,647	\$ 3,319,290
Cash and investments - restricted	464,811	1,010,563	1,475,374
Receivables			
Tenants, net of allowance for doubtful accounts	14,884	16,499	31,383
Interest	1,937,082	-	1,937,082
Other, net of allowance for doubtful accounts	316,578	-	316,578
Due from other governments	448,927	-	448,927
Prepaid expenses	5,166	1,853	7,019
Current portion of notes receivable	21,958	-	21,958
<b>TOTAL CURRENT ASSETS</b>	<b>6,156,049</b>	<b>1,401,562</b>	<b>7,557,611</b>
<b>NONCURRENT ASSETS</b>			
Notes receivable	6,525,481	-	6,525,481
Other assets, net of accumulated amortization	-	105,874	105,874
Investment in The Highlands, LLLP	254,435	-	254,435
Land	3,069,620	2,106,269	5,175,889
Land improvements	1,509,284	4,990,550	6,499,834
Buildings and improvements	25,082,404	30,918,505	56,000,909
Equipment	1,840,550	955,957	2,796,507
Less accumulated depreciation	(12,019,200)	(10,092,762)	(22,111,962)
<b>TOTAL NONCURRENT ASSETS</b>	<b>26,262,574</b>	<b>28,984,393</b>	<b>55,246,967</b>
<b>TOTAL ASSETS</b>	<b>\$ 32,418,623</b>	<b>\$ 30,385,955</b>	<b>\$ 62,804,578</b>

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

<u>LIABILITIES AND NET POSITION</u>	<u>PRIMARY GOVERNMENT SEPTEMBER 30, 2016</u>	<u>COMPONENT UNITS DECEMBER 31, 2016</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 269,823	\$ 14,141	\$ 283,964
Accrued expenses	135,634	2,093,840	2,229,474
Compensated absences	12,445	-	12,445
Unearned revenue	32,024	-	32,024
Due to other governments	-	75,298	75,298
Prepaid rent	-	6,296	6,296
Tenants' security deposits	156,644	175,600	332,244
Current portion of notes payable	<u>3,706,950</u>	<u>134,608</u>	<u>3,841,558</u>
TOTAL CURRENT LIABILITIES	<u>4,313,520</u>	<u>2,499,783</u>	<u>6,813,303</u>
<b>NONCURRENT LIABILITIES</b>			
Investment in Linden Pointe, LLLP	408	-	408
Investment in Arbor Vista, LLLP	423	-	423
Investment in Village Park, LLLP	122	-	122
Compensated absences	111,998	-	111,998
Tenants' FSS escrow	60,480	-	60,480
Developer fee payable	-	455,021	455,021
Notes payable, net of discount	<u>10,105,776</u>	<u>10,797,251</u>	<u>20,903,027</u>
TOTAL NONCURRENT LIABILITIES	<u>10,279,207</u>	<u>11,252,272</u>	<u>21,531,479</u>
TOTAL LIABILITIES	<u>14,592,727</u>	<u>13,752,055</u>	<u>28,344,782</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,669,932	17,946,660	23,616,592
Restricted	247,687	834,963	1,082,650
Unrestricted	<u>11,908,277</u>	<u>(2,147,723)</u>	<u>9,760,554</u>
TOTAL NET POSITION	<u>17,825,896</u>	<u>16,633,900</u>	<u>34,459,796</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 32,418,623</u></b>	<b><u>\$ 30,385,955</u></b>	<b><u>\$ 62,804,578</u></b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

	PRIMARY	COMPONENT	TOTAL (MEMORANDUM ONLY)
	GOVERNMENT	UNITS	
	YEAR ENDED		
	SEPTEMBER 30, 2016	DECEMBER 31, 2016	
<b>OPERATING REVENUE</b>			
Dwelling rental	\$ 1,838,572	\$ 1,772,195	\$ 3,610,767
Operating grants	9,671,154	-	9,671,154
Other operating revenue	<u>1,462,777</u>	<u>57,672</u>	<u>1,520,449</u>
<b>TOTAL OPERATING REVENUE</b>	<u>12,972,503</u>	<u>1,829,867</u>	<u>14,802,370</u>
<b>OPERATING EXPENSES</b>			
Administration	2,608,787	479,389	3,088,176
Tenant services	106,071	-	106,071
Utilities	353,501	136,259	489,760
Maintenance and operations	1,034,052	503,871	1,537,923
General expenses	79,633	68,548	148,181
Insurance	162,041	69,674	231,715
Housing assistance payments	6,343,554	-	6,343,554
Depreciation and amortization	<u>770,331</u>	<u>1,308,427</u>	<u>2,078,758</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>11,457,970</u>	<u>2,566,168</u>	<u>14,024,138</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,514,533</u>	<u>(736,301)</u>	<u>778,232</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest income	411,348	2,755	414,103
Interest expense	<u>(345,864)</u>	<u>(703,616)</u>	<u>(1,049,480)</u>
<b>NET NONOPERATING REVENUE (EXPENSE)</b>	<u>65,484</u>	<u>(700,861)</u>	<u>(635,377)</u>
<b>CHANGE IN NET POSITION</b>	1,580,017	(1,437,162)	142,855
<b>NET POSITION AT BEGINNING OF YEAR</b>	16,211,936	18,071,062	34,282,998
<b>PRIOR PERIOD ADJUSTMENTS</b>	<u>33,943</u>	-	<u>33,943</u>
<b>NET POSITION AT END OF YEAR</b>	<u><b>\$ 17,825,896</b></u>	<u><b>\$ 16,633,900</b></u>	<u><b>\$ 34,459,796</b></u>

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

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**STATEMENT OF CASH FLOWS**

	PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY)
	YEAR ENDED		
	SEPTEMBER 30, 2016	DECEMBER 31, 2016	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tenants/participants	\$ 1,878,496	\$ 1,770,467	\$ 3,648,963
Cash received from operating grants	9,260,934	-	9,260,934
Other income received	1,892,148	63,893	1,956,041
Cash payments to vendors	(3,155,764)	(1,943,113)	(5,098,877)
Cash payments to employees	(1,961,720)	-	(1,961,720)
Cash payments for housing assistance	<u>(6,343,554)</u>	<u>-</u>	<u>(6,343,554)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,570,540</u>	<u>(108,753)</u>	<u>1,461,787</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Notes receivable	(1,120,244)	-	(1,120,244)
Developer fee paid	-	(43,008)	(43,008)
Acquisition of capital assets	(7,651,490)	(2,383)	(7,653,873)
Proceeds (principal payments)	6,872,013	(122,077)	6,749,936
Interest paid	<u>(367,229)</u>	<u>253,962</u>	<u>(113,267)</u>
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,266,950)</u>	<u>86,494</u>	<u>(2,180,456)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Equity transfers	<u>(67,959)</u>	<u>-</u>	<u>(67,959)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>126,485</u>	<u>2,755</u>	<u>129,240</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(637,884)	(19,504)	(657,388)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,049,338</u>	<u>1,402,714</u>	<u>5,452,052</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 3,411,454</b></u>	<u><b>\$ 1,383,210</b></u>	<u><b>\$ 4,794,664</b></u>

(Continued on page 17)

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

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**STATEMENT OF CASH FLOWS - Continued**

	PRIMARY	COMPONENT	TOTAL (MEMORANDUM ONLY)
	GOVERNMENT	UNITS	
	YEAR ENDED		
	SEPTEMBER 30, 2016	DECEMBER 31, 2016	
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and investments	\$ 2,946,643	\$ 372,647	\$ 3,319,290
Cash and investments - restricted	464,811	1,010,563	1,475,374
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 3,411,454</u></b>	<b><u>\$ 1,383,210</u></b>	<b><u>\$ 4,794,664</u></b>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ 1,514,533	\$ (736,301)	\$ 778,232
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	770,331	1,308,427	2,078,758
Prior period adjustments	33,943	-	33,943
Fixed assets included in accounts payable	(170,582)	-	(170,582)
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(256,961)	6,221	(250,740)
Due from other governments	(337,514)	-	(337,514)
Prepaid expenses	4,029	2,226	6,255
Other Assets	(254,435)	-	(254,435)
Increase (decrease) in liabilities			
Accounts payable - operations	217,610	(1,539)	216,071
Accrued expenses	(17,718)	(692,992)	(710,710)
Unearned revenue	9,983	(3,042)	6,941
Due to other governments	-	6,933	6,933
Tenants' security deposits	4,362	1,314	5,676
Tenants' FSS escrow	52,959	-	52,959
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ 1,570,540</u></b>	<b><u>\$ (108,753)</u></b>	<b><u>\$ 1,461,787</u></b>

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

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

**Reporting Entity** - The Housing Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements.

In accordance with Statement No. 61, Government Accounting Standards Board (GASB), the basis criterion for including a legally separate organization as a component unit is the degree of financial accountability the Housing Authority has with the organization. A financial benefit or burden relationship needs to be present between the Housing Authority and that organization for it to be included in the reporting entity as a component unit. The following circumstances set forth the Housing Authority's financial accountability for a legally separate organization:

- a. The Housing Authority is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Housing Authority.
- b. The Housing Authority may be financially accountable if an organization is fiscally dependent on the Housing Authority regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based upon the application of these criteria, this report includes the following component units.

The Housing Authority's financial statements include one blended component unit, Doors 2 Success. Doors 2 Success is a local not-for-profit 509(a)(3) corporation established under the laws of the State of Colorado. Its purpose is to work with the Housing Authority through education, advocacy, and supportive services. Separate financial statements for the component unit are not available and as a component of the Housing Authority of the City of Grand Junction's financial aspects are reported as part of the Housing Authority. The Board of Commissioners of the Housing Authority appoints the governing body of Doors 2 Success. Doors 2 Success provides support and guidance to the supportive service programs of the Housing Authority. Doors 2 Success is shown as a blended component unit in the financial statements of the Housing Authority. Separate financial statements are not available for Doors 2 Success.

The Housing Authority's financial statements also include three discretely presented component units, Arbor Vista, LLLP; Linden Pointe, LLLP; and Village Park, LLLP. The Housing Authority is the general partner in all three Partnerships which were formed for the purpose of acquiring, developing, and operating low and moderate income housing projects in Grand Junction, Colorado. The three component units have a December 31, 2016 year end and are therefore, discretely presented in a single column in the financial statements. Separate financial statements for these component units are available through the request of the Housing Authority.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Programs Administered by the Housing Authority** - The programs of the Housing Authority are recorded in one enterprise fund. Each program is maintained using a separate set of self-balancing accounts. The programs include Local/State, Public Housing, Section 8 New Construction, Family Self-Sufficiency (FSS), Housing Choice Vouchers, and Tenant Based Rental Assistance (TBRA).

**Basis of Accounting and Measurement Focus** - The Housing Authority's basic financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements as well as U.S. GAAP, as codified by the Financial Accounting Standards Board.

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue 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 revenue of the Housing Authority is rents collected from tenants and operating grants. Operating expenses for the proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into unrestricted, restricted, and net investment in capital assets. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Cash and Investments** - For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Cash and Investments - Restricted** - Restricted cash and cash equivalents are segregated resources for tenants' security deposits, tenants' family self-sufficiency (FSS) deposits, reserve accounts, debt payments, and unspent housing assistance payments. Component unit restricted cash and cash equivalents are segregated resources for tenants' security deposits and reserve accounts.

**Accounts Receivable** - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts for fraud recovery was \$16,074 for housing choice vouchers and for local/state programs tenant accounts was \$11,821 at September 30, 2016.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Accounts Receivable - Component Units** - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts for tenant accounts receivable was \$9,863 for the component units at December 31, 2016.

**Insurance** - The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

**Other Assets - Component Units** - Other assets consist of tax credit fees. Tax credit fees have been capitalized and will be amortized over the 15-year compliance period for Linden Pointe and Village Park and over 30 years for Arbor Vista. Accumulated amount was \$67,423 as of December 31, 2016.

**Debt Issuance Costs - Component Units** - Debt issuance costs will be amortized over the life of the related debt. Accumulated amortization was \$124,406 as of December 31, 2016.

**Capital Assets** - Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Land improvements	5-30 years
Buildings and improvements	5-40 years
Equipment	3-15 years

Capital expenses of \$1,000 or more, with a useful life greater than one year, are capitalized.

**Impairment of Long-Lived Assets** - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the year ended September 30, 2016.

**Compensated Absences** - The Housing Authority allows regular employees to accumulate the following compensated absences:

- Vacation time is earned at a rate of 8-14 hours per month. The maximum accrual an employee can carryover is 24 hours times their current monthly accrual rate. Unused vacation time is paid out at termination.
- Sick pay is earned at a rate of 8 hours per month and can accumulate to a maximum of 240 hours. Sick leave earned beyond this limit shall be converted to annual leave automatically at a rate of one annual leave hour for every three sick leave hours until the maximum annual leave benefit has been accumulated. Unused sick pay is lost at time of voluntary or involuntary termination.

The amount of accumulated benefits at September 30, 2016, was \$124,443 and is recorded as a liability in the applicable programs.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

**Net Position Classifications** - Net position represents the difference between the total assets and the total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Federal Aids** - Federal aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

**Employee Retirement Plan** - The Housing Authority has a retirement plan covering all of its eligible employees which is funded through contributions to ICMA-RC.

**Due To/From Other Programs** - During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of Net Position and have been eliminated in the basic financial statements.

**Interprogram Transactions** - Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

**Rental Income** - Rental income is recognized as rents become due.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** - The Housing Authority has evaluated subsequent events through April 5, 2017, the date which the financial statements were available to be issued.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 SEPTEMBER 30, 2016

**NOTE 2 - Cash and Investments**

HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

At September 30, 2016, the Housing Authority reported cash and cash equivalents as follows:

Cash and investments	\$ 2,946,643
Cash and investments - restricted	<u>464,811</u>
	<b><u>\$ 3,411,454</u></b>

**Fair Value of Deposits and Investments** - Deposits and investments are reported at fair value. At September 30, 2016, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

**Determining Fair Value** - Fair value of the Housing Authority's deposits are determined as follows: deposits with stated interest rates (operating accounts, savings accounts, certificates of deposit, repurchase agreements, and money market accounts) are stated at cost.

**Income Allocation** - Interest income is generally allocated to the program that owns the operating account, savings account, certificate of deposit, repurchase agreement, and money market account.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk. As of September 30, 2016, none of the Housing Authority's bank balance of \$3,504,662 was exposed to custodial credit risk.

**Deposits** - The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State statutes and regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At September 30, 2016, the Housing Authority had bank deposits of \$3,006,975 collateralized with securities held by the financial institutions' agents but not in the Housing Authority's name.

**Discretely Presented Component Units** - The Partnerships maintain operating cash and cash equivalents in various deposit accounts. The operating cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Partnerships have not experienced any losses with respect to their bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to operating cash during the year ended December 31, 2016.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 3 - Capital Assets**

A summary of changes in capital assets is as follows:

	<u>BALANCE</u> 10/01/15	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>RECLASSI- FICATIONS</u>	<u>BALANCE</u> 09/30/16
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,177,565	\$ 290,337	\$ (390,335)	\$ (7,947)	\$ 3,069,620
Construction in progress	<u>793,637</u>	<u>-</u>	<u>-</u>	<u>(793,637)</u>	<u>-</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>3,971,202</u>	<u>290,337</u>	<u>(390,335)</u>	<u>(801,584)</u>	<u>3,096,620</u>
<i>Capital assets being depreciated:</i>					
Land improvements	659,297	842,040	-	7,947	1,509,284
Buildings and improvements	17,547,899	7,103,707	-	430,798	25,082,404
Equipment	<u>1,527,005</u>	<u>407,120</u>	<u>(93,575)</u>	<u>-</u>	<u>1,840,550</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	19,734,201	8,352,867	(93,575)	438,745	28,432,238
Less accumulated depreciation	<u>(11,342,444)</u>	<u>(770,331)</u>	<u>93,575</u>	<u>-</u>	<u>(12,019,200)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>8,391,757</u>	<u>7,582,536</u>	<u>-</u>	<u>438,745</u>	<u>16,413,038</u>
<b>TOTAL CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b><u>\$ 12,362,959</u></b>	<b><u>\$ 7,872,873</u></b>	<b><u>\$ (390,335)</u></b>	<b><u>\$ (362,839)</u></b>	<b><u>\$ 19,482,658</u></b>

A summary of changes in capital assets for the component units as of December 31, 2016, is as follows:

	<u>BALANCE</u> 01/01/16	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> 12/31/16
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,106,269	\$ -	\$ -	\$ 2,106,269
<i>Capital assets being depreciated:</i>				
Land improvements	4,990,550	-	-	4,990,550
Buildings	30,918,505	-	-	30,918,505
Furniture, equipment, and machinery	<u>953,574</u>	<u>2,383</u>	<u>-</u>	<u>955,957</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	36,862,629	2,383	-	36,865,012
Less accumulated depreciation	<u>(8,794,007)</u>	<u>(1,298,755)</u>	<u>-</u>	<u>(10,092,762)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>28,068,622</u>	<u>(1,296,372)</u>	<u>-</u>	<u>26,772,250</u>
<b>TOTAL CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b><u>\$ 30,174,891</u></b>	<b><u>\$ (1,296,372)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 28,878,519</u></b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 4 - Notes Receivable**

At September 30, 2016, notes receivable consists of:

Note receivable from Linden Pointe, LLLP, interest at 5.1 percent. Entire principal and accrued interest due April 30, 2034.	\$ 509,000
Note receivable from Linden Pointe, LLLP, interest at 5.1 percent. Entire principal and accrued interest due April 30, 2034.	90,000
Note receivable from Linden Pointe, LLLP, interest at 5.1 percent. Interest began accruing on January 1, 2006. Entire principal balance and accrued interest due April 30, 2034.	800,000
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	713,007
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	208,799
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	1,100,000
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	450,000
Developer fee receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2024.	323,338
Note receivable from Village Park, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2042.	320,000
Note receivable from Village Park, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2042.	720,000
Developer fee receivable from Village Park, LLLP, interest at 5.1 percent. Entire fee balance and accrued interest due December 31, 2024.	131,683
Note receivable from private home owner, no interest. Entire principal balance was due April 24, 2015.	18,360
Note receivable from Highlands, LLLP, interest at 5.0 percent. Entire principal and accrued interest due December 31, 2046.	331,721
Note receivable from Highlands, LLLP, interest at 5.0 percent. Entire principal and accrued interest due December 31, 2046.	136,000
Note receivable from Highlands, LLLP, interest at 5.0 percent. Entire principal and accrued interest due December 31, 2046.	695,531
TOTAL	6,547,439
Less current portion	(21,958)
<b>LONG-TERM PORTION</b>	<b><u>\$ 6,525,481</u></b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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**NOTE 5 - Investment in Linden Pointe, LLLP**

In February 2004, the Housing Authority became the General Partner in Linden Pointe, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction of 92 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction of the Partnership property for a development fee of \$450,000. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the Partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in Linden Pointe, LLLP was (\$408) at September 30, 2016.

**NOTE 6 - Investment in Arbor Vista, LLLP**

In June 2007, the Housing Authority became the General Partner in Arbor Vista, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction and rehabilitation of 72 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction and rehabilitation of the Partnership property for a development fee of \$844,250. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in Arbor Vista, LLLP was (\$423) at September 30, 2016.

**NOTE 7 - Investment in Village Park, LLLP**

In February 2012, the Housing Authority became the General Partner in Village Park, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction of 72 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction of the Partnership property for a development fee of \$1,477,843. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in Village Park, LLLP was (\$122) at September 30, 2016.

**NOTE 8 - Investment in The Highlands, LLLP**

In April 2016, the Housing Authority became the General Partner in The Highlands, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction of 64 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction of the Partnership property for a development fee of \$1,600,000. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in The Highlands, LLLP was \$254,435 at September 30, 2016.

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NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 9 - Long-Term Obligations**

Details of the Housing Authority's long-term obligations are set forth below:

**Summary of Long-Term Obligations**

	<u>BALANCE</u> <u>10/01/15</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>09/30/16</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Compensated absences	\$ 126,893	\$ -	\$ (2,450)	\$ 124,443	\$ 12,445
Tenants' FSS escrow	40,103	26,820	(6,443)	60,480	-
Notes payable	7,095,030	7,264,000	(407,115)	13,951,915	3,706,950
Discount on note payable	(154,317)	-	15,128	(139,189)	-
	<b><u>\$7,107,709</u></b>	<b><u>\$ 7,290,820</u></b>	<b><u>\$ (400,880)</u></b>	<b><u>\$13,997,649</u></b>	<b><u>\$ 3,719,395</u></b>

At September 30, 2016, long-term debt consists of:

Note payable to Colorado Housing Finance Authority for Ratekin property, interest at 1.75 percent, monthly payments of \$8,001, including interest; matures July 1, 2034. Collateralized by deed of trust on Ratekin.	\$ 1,474,422
Note payable to HUD for Ratekin property, interest at 1.00 percent, annual payments, including interest equal to 75.00 percent of surplus cash as defined; matures August 1, 2033. Collateralized by deed of trust on Ratekin.	2,290,026
Note payable to HUD for Ratekin property, interest at 1.00 percent, principal and interest due in full August 1, 2033. Collateralized by deed of trust on Ratekin.	216,474
Note payable to bank for Walnut Park property, interest at 3.00 percent, monthly payments of \$13,093, including interest; matures October 25, 2018. Collateralized by deed of trust on Walnut Park.	316,983
Note payable to bank for Patterson condo property, interest at 2.75 percent, monthly payments of \$513, including interest; remaining principal and interest due August 4, 2018. Collateralized by deed of trust on Patterson.	93,875
Note payable to bank for 2817 ½ Elm property, interest at 2.75 percent, monthly payments of \$641, including interest; remaining principal and interest due October 6, 2018. Collateralized by deed of trust 2817 ½ Elm.	126,206
Note payable to bank for Bookcliff property, interest at 3.00 percent until September 26, 2018, at which time the rate will become variable, monthly payments of \$1,084, including interest, until September 26, 2018, at which time they become \$1,127; matures September 26, 2024. Collateralized by deed of trust on Bookcliff.	92,323
Note payable to bank for Monument Business Center, interest at 3.00 percent until October 8, 2018, at which time the rate will become variable, monthly payments of \$6,539, including interest, until October 8, 2015, at which time they became \$7,219; matures October 8, 2035. Collateralized by deed of trust on Monument Business Center.	1,134,801
Note payable to bank for Crystal Brook property, interest at 3.00 percent until September 25, 2018, at which time the rate will become variable, monthly payments of \$2,605, including interest, until September 25, 2018, at which time becomes \$2,472; matures October 25, 2025. Collateralized by deed of trust on Crystal Brook.	230,388

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
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**NOTE 9 - Long-Term Obligations - Continued**

Note payable to Tall Pines Investments, LLC for Courtyard Apartments property, interest at 3.50 percent, monthly payments of \$5,832, including interest; principal and remaining interest due July 1, 2021. Collateralized by deed of trust on Courtyard Apartments.	\$ 305,961
Note payable to bank, interest at 0 percent, discount is based on imputed interest rate of 5.00 percent, principal due in full February 12, 2024. Collateralized by property owned by Arbor Vista, LLLP.	450,000
Note payable to bank for Foresight Property, interest at 2.75 percent, principal and remaining interest due November 1, 2016. Collateralized by Real Property at 8 Foresight Circle.	2,664,000
Note payable to bank for Nellie Bechtel Property, interest at 3.75 percent, monthly payments of \$18,670, including interest; principal and remaining interest due January 1, 2036. collateralized by deed of trust on Property	3,956,456
Note payable to bank, interest at 2.75 percent, monthly interest payments; principal and remaining interest due June 21, 2017. Collateralized by deed of trust on Bridge.	<u>600,000</u>
TOTAL NOTES PAYABLE	<u>13,951,915</u>
Less discount on note payable	<u>(139,189)</u>
TOTAL DISCOUNTED NOTES PAYABLE	<u>13,812,726</u>
Less current portion	<u>(3,706,950)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$10,105,776</u></b>

**Maturities of Long-Term Debt**

The aggregate maturities of long-term debt following September 30, 2016, are as follows:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>DISCOUNT</u>	<u>INTEREST</u>
2017	\$ 3,706,950	\$ (15,902)	\$ 309,719
2018	541,137	(16,715)	267,462
2019	424,015	(17,570)	269,857
2020	303,004	(18,469)	260,743
2021	296,582	(70,533)	250,872
2022-2026	1,754,165	-	1,073,768
2027-2031	1,354,193	-	806,303
2032-2036	5,571,869	-	447,129
<b>TOTAL</b>	<b><u>\$13,951,915</u></b>	<b><u>\$ (139,189)</u></b>	<b><u>\$ 3,685,853</u></b>

Details of the Component Unit's long-term obligations as of December 31, 2016, are set forth below:

**Summary of Long-Term Obligations**

	<u>BALANCE</u> <u>1/01/16</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>12/31/16</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes payable	<u>\$11,096,536</u>	<u>\$ -</u>	<u>\$ (127,415)</u>	<u>\$ 10,969,121</u>	<u>\$ 134,608</u>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 9 - Long-Term Obligations - Continued**

At December 31, 2016, the Components Units' long-term debt consists of:

Note payable to Colorado Housing and Finance Authority, interest at 6.85 percent, monthly principal and interest payments due in the amount of \$11,467, matures September 1, 2029, secured by a deed of trust on the project.	\$ 1,584,133
Note payable to Colorado Housing and Finance Authority, interest at 3.00 percent, monthly principal and interest payments due in the amount of \$1,686, matures September 1, 2029, secured by a deed of trust on the project.	333,382
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	208,799
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	713,007
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	1,100,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	450,000
Loan payable to Colorado Housing and Finance Authority, interest at 6.06 percent, monthly principal and interest payments due in the amount of \$10,096, matures February 1, 2022, secured by a deed of trust on the project.	1,371,436
Note payable to Colorado Housing and Finance Authority, interest at 1.60 percent, monthly principal and interest payments due in the amount of \$1,756, matures February 1, 2022, secured by a deed of trust on the project.	347,712
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	800,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	377,170
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	90,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	131,830

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 9 - Long-Term Obligations - Continued**

Note payable to bank, interest at 5.19 percent, interest payments, due monthly, matures October 21, 2034, secured by a deed of trust on the project.	\$ 2,421,652
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, maturities at December 31, 2042, secured by deed of trust on the project.	720,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, maturities at December 31, 2042, secured by deed of trust on the project.	320,000
Less unamortized debt issuance costs	(37,262)
<b>TOTAL NOTES PAYABLE</b>	<u>10,931,859</u>
Less current portion	(134,608)
<b>LONG-TERM PORTION</b>	<b><u>\$10,797,251</u></b>

**Maturities of Long-Term Debt**

Maturities of the long-term debt at December 31, 2016, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>UNAMORTIZED DEBT ISSUANCE COSTS</u>	<u>INTEREST</u>
2017	\$ 134,608	\$ 5,338	\$ 334,386
2018	141,863	5,337	329,260
2019	149,548	5,338	323,818
2020	157,347	5,337	318,039
2021	166,298	5,338	311,903
2022-2026	2,009,674	7,312	1,141,473
2027-2031	1,753,223	3,262	868,055
2032-2036	2,944,754	-	366,789
2037-2041	2,471,806	-	-
2042	1,040,000	-	-
	<u>\$10,969,121</u>	<u>\$ 37,262</u>	<u>\$ 3,993,723</u>

In the above schedule the interest portion does not include the notes payable to the Housing Authority since the payments are subject to excess cash flow which is not determinable as of the date of the financial statements.

**NOTE 10 - Pension Plan**

The Housing Authority has an employee defined contribution pension plan with ICMA-RC.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2016

**NOTE 10 - Pension Plan - Continued**

Substantially all employees must participate in the retirement plan. Employees are required to contribute 7.65 percent of their salary. The Housing Authority is required to contribute 9.65 percent of an employee's salary. The Housing Authority's actual contribution was \$210,814 for the year ended September 30, 2016. Total employee contributions for the year ended September 30, 2016 were \$167,122.

**NOTE 11 - Component Unit Developer Fee Payable**

Pursuant to the Development Services Agreement for the Village Park Project, dated October 25, 2012, the Housing Authority of the City of Grand Junction, as General Partner, is entitled to receive a developer fee equal to \$1,409,908 for services rendered in connection with the development of the Village Park Project. The General Partner is also entitled to an additional incentive developer fee equal to the excess of projected development costs eligible for low-income housing tax credits over the Partnership's aggregate expenditures for such items. During 2013, the incentive developer fee was \$67,935. Any unpaid portion of the fee shall accrue interest at a rate of 5.10 percent per annum. The fee shall be paid subject to the terms of the Partnership Agreement. The Partnership is obligated to repay any unpaid developer fee and unpaid interest on or before December 31, 2024. As of December 31, 2016, the Developer had earned \$1,477,843 and was owed \$131,683.

Pursuant to the Development Services Agreement for the Arbor Vista Project, dated March 26, 2008, the Housing Authority of the City of Grand Junction, as General Partner, is entitled to receive a developer fee equal to \$844,250 for services rendered in connection with the development of the Arbor Vista Project. The General Partner is also entitled to an additional incentive developer fee equal to the excess of projected development costs eligible for low-income housing tax credits over the Partnership's aggregate expenditures for such items. Any unpaid portion of the fee shall accrue interest at a rate of 5.10 percent per annum. The fee shall be paid subject to the terms of the Partnership Agreement. The Partnership is obligated to repay any unpaid developer fee and unpaid interest on or before December 31, 2024. As of December 31, 2016, the Developer had earned \$844,250 and was owed \$323,338.

**NOTE 12 - Rent Under Operating Lease**

The following is a schedule by years of minimum future rental income on a noncancelable operating lease as of September 30, 2016:

Year ending September 30:	
2017	\$ 110,992
2018	113,212
2019	115,476
2020	117,786
2021	120,141
2022-2024	<u>342,685</u>
<b>TOTAL</b>	<b><u>\$ 920,292</u></b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 SEPTEMBER 30, 2016

**NOTE 13 - Risk Management**

**Insured Risk** - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 14 - Net Position**

The following is a summary of individual net position restrictions at September 30, 2016:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
<u>Restricted</u>		
Ratekin Tower	Replacement and insurance reserve accounts	<b><u>\$ 247,687</u></b>

The following is a summary of individual net position restrictions at December 31, 2016 for the Component Units:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
<u>Restricted</u>		
Arbor Vista, LLLP	Replacement, insurance, and operating reserves	\$ 424,369
Linden Pointe, LLLP	Replacement and insurance reserves	104,406
Village Park, LLLP	Replacement and operating reserves	<u>360,188</u>
		<b><u>\$ 834,963</u></b>

**NOTE 15 - Economic Dependency**

The Housing Authority received approximately 74 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

**NOTE 16 - Prior Period Adjustments**

The prior period adjustments are to recognize a partnership administration fee and to adjust for a disallowed incentive performance fee.

**NOTE 17 - Subsequent Events**

In November 2016, the Housing Authority converted the construction loan on Foresight Property into a permanent loan payable to a bank for \$2,664,000. The note carries an interest rate of 2.75 percent; monthly payments are \$12,372, with remaining principal and interest due November 1, 2041.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
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**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	LOCAL/STATE											
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and investments	\$ 1,529,679	\$ (2,680)	\$ 196,356	\$ 217,233	\$ 33,914	\$ 35,573	\$ (31,051)	\$ (4,823)	\$ 235,970	\$ 464	\$ 5,505	\$ 5,387
Cash and investments - restricted	-	1,250	-	7,005	-	5,000	1,910	17,282	25,831	31,463	-	-
Receivables												
Tenants, net of allowance for doubtful accounts	-	265	-	515	-	-	325	2,926	2,392	5,008	-	-
Interest	859,411	-	1,365,268	-	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful accounts	136,225	-	160,179	-	11,375	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	3,912	-	-	-	-	-	-	-
Due from other programs	1,306,086	-	81,416	12,500	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of notes receivable	21,958	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>3,853,359</b>	<b>(1,165)</b>	<b>1,803,219</b>	<b>237,253</b>	<b>49,201</b>	<b>40,573</b>	<b>(28,816)</b>	<b>15,385</b>	<b>264,193</b>	<b>36,935</b>	<b>5,505</b>	<b>5,387</b>
<b>NONCURRENT ASSETS</b>												
Notes receivable	2,797,631	-	4,675,058	-	-	-	-	-	-	-	-	-
Investment in The Highlands, LLLP	-	-	254,435	-	-	-	-	-	-	-	-	-
Land	463,430	169,199	800,583	54,735	-	290,008	120,000	183,092	80,077	290,337	-	-
Land improvements	846,711	-	7,947	8,496	-	2,581	2,175	297,603	33,073	-	-	-
Buildings and improvements	2,907,185	295,254	-	450,728	-	1,030,122	391,288	1,945,463	2,960,923	4,715,475	-	-
Equipment	769,623	-	-	28,040	7,646	65,835	-	-	100,041	48,937	-	-
Less accumulated depreciation	(451,462)	(110,639)	(4,468)	(240,644)	(7,646)	(284,448)	(134,268)	(585,509)	(2,226,419)	(94,582)	-	-
<b>TOTAL NONCURRENT ASSETS</b>	<b>7,333,118</b>	<b>353,814</b>	<b>5,733,555</b>	<b>301,355</b>	<b>-</b>	<b>1,104,098</b>	<b>379,195</b>	<b>1,840,649</b>	<b>947,695</b>	<b>4,960,167</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 11,186,477</b>	<b>\$ 352,649</b>	<b>\$ 7,536,774</b>	<b>\$ 538,608</b>	<b>\$ 49,201</b>	<b>\$ 1,144,671</b>	<b>\$ 350,379</b>	<b>\$ 1,856,034</b>	<b>\$ 1,211,888</b>	<b>\$ 4,997,102</b>	<b>\$ 5,505</b>	<b>\$ 5,387</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**SEPTEMBER 30, 2016**

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and investments	\$ 259,488	\$ 104,877	\$ 348,219	\$ (9,441)	\$ 3,593	\$ 9,976	\$ (16,467)	\$ 24,871	\$ -	\$ 2,946,643
Cash and investments - restricted	-	285,319	29,271	-	-	60,480	-	-	-	464,811
Receivables										
Tenants, net of allowance for doubtful accounts	-	2,057	1,396	-	-	-	-	-	-	14,884
Interest	-	-	-	-	-	-	-	-	(287,597)	1,937,082
Other, net of allowance for doubtful accounts	-	-	-	-	38	8,761	-	-	-	316,578
Due from other governments	-	-	-	5,817	-	412,108	27,090	-	-	448,927
Due from other programs	-	-	2,971	-	-	-	-	-	(1,402,973)	-
Prepaid expenses	-	5,166	-	-	-	-	-	-	-	5,166
Current portion of notes receivable	-	-	-	-	-	-	-	-	-	21,958
<b>TOTAL CURRENT ASSETS</b>	<b>259,488</b>	<b>397,419</b>	<b>381,857</b>	<b>(3,624)</b>	<b>3,631</b>	<b>491,325</b>	<b>10,623</b>	<b>24,871</b>	<b>(1,690,570)</b>	<b>6,156,049</b>
<b>NONCURRENT ASSETS</b>										
Notes receivable	-	-	-	-	-	-	-	-	(947,208)	6,525,481
Investment in The Highlands, LLLP	-	-	-	-	-	-	-	-	-	254,435
Land	-	485,530	77,974	-	-	54,655	-	-	-	3,069,620
Land improvements	-	13,300	270,920	-	-	26,478	-	-	-	1,509,284
Buildings and improvements	-	6,327,725	3,686,423	-	-	371,818	-	-	-	25,082,404
Equipment	-	401,142	200,226	3,532	1,278	214,250	-	-	-	1,840,550
Less accumulated depreciation	-	(4,922,954)	(2,587,134)	(1,619)	(1,278)	(366,130)	-	-	-	(12,019,200)
<b>TOTAL NONCURRENT ASSETS</b>	<b>-</b>	<b>2,304,743</b>	<b>1,648,409</b>	<b>1,913</b>	<b>-</b>	<b>301,071</b>	<b>-</b>	<b>-</b>	<b>(947,208)</b>	<b>26,262,574</b>
<b>TOTAL ASSETS</b>	<b>\$ 259,488</b>	<b>\$ 2,702,162</b>	<b>\$ 2,030,266</b>	<b>\$ (1,711)</b>	<b>\$ 3,631</b>	<b>\$ 792,396</b>	<b>\$ 10,623</b>	<b>\$ 24,871</b>	<b>\$ (2,637,778)</b>	<b>\$ 32,418,623</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**SEPTEMBER 30, 2016**

LIABILITIES AND NET POSITION	LOCAL/STATE											
	GENERAL	SCATTERED	ACQUISITIONS AND			MONUMENT		COURTYARD	CRYSTAL	NELLIE	HOUSING	HOUSING
	ADMINISTRATION	SITES	DEVELOPMENT	LINCOLN	CMCH	BUSINESS CENTER	BOOKCLIFF	APARTMENTS	BROOK	BECHTEL	COORDINATOR	ADVOCATE
<b>CURRENT LIABILITIES</b>												
Accounts payable	\$ 182,970	\$ 188	\$ 2,397	\$ 489	\$ 743	\$ -	\$ 1,493	\$ 789	\$ 30,163	\$ 3,271	\$ 136	\$ 234
Accrued expenses	34,437	430	8,517	151	1,439	2,103	44	879	288,505	16,650	895	2,104
Compensated absences	6,346	-	1,428	60	211	-	5	43	153	213	400	305
Unearned revenue	18,693	-	-	529	-	-	10	1,153	578	7,691	-	-
Due to other programs	81,416	-	414,402	-	-	78,856	55,407	285,332	-	440,135	-	-
Tenants' security deposits	-	1,250	-	7,005	-	5,000	1,910	17,282	25,831	31,463	-	-
Current portion of notes payable	2,664,000	7,818	-	-	-	44,578	10,350	60,069	24,588	674,916	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,987,862</b>	<b>9,686</b>	<b>426,744</b>	<b>8,234</b>	<b>2,393</b>	<b>130,537</b>	<b>69,219</b>	<b>365,547</b>	<b>369,818</b>	<b>1,174,339</b>	<b>1,431</b>	<b>2,643</b>
<b>NONCURRENT LIABILITIES</b>												
Investment in Linden Pointe, LLLP	408	-	-	-	-	-	-	-	-	-	-	-
Investment in Arbor Vista, LLLP	423	-	-	-	-	-	-	-	-	-	-	-
Investment in Village Park, LLLP	122	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	57,113	-	12,849	536	1,902	-	48	386	1,379	1,921	3,599	2,744
Tenants' FSS escrow	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable, net of discount	-	212,263	310,811	-	-	1,090,223	81,973	245,892	1,153,008	3,881,540	-	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>58,066</b>	<b>212,263</b>	<b>323,660</b>	<b>536</b>	<b>1,902</b>	<b>1,090,223</b>	<b>82,021</b>	<b>246,278</b>	<b>1,154,387</b>	<b>3,883,461</b>	<b>3,599</b>	<b>2,744</b>
<b>TOTAL LIABILITIES</b>	<b>3,045,928</b>	<b>221,949</b>	<b>750,404</b>	<b>8,770</b>	<b>4,295</b>	<b>1,220,760</b>	<b>151,240</b>	<b>611,825</b>	<b>1,524,205</b>	<b>5,057,800</b>	<b>5,030</b>	<b>5,387</b>
<b>NET POSITION</b>												
Net investment in capital assets	1,871,487	133,733	493,251	301,355	-	(30,703)	286,872	1,534,688	(229,901)	403,711	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,269,062	(3,033)	6,293,119	228,483	44,906	(45,386)	(87,733)	(290,479)	(82,416)	(464,409)	475	-
<b>TOTAL NET POSITION</b>	<b>8,140,549</b>	<b>130,700</b>	<b>6,786,370</b>	<b>529,838</b>	<b>44,906</b>	<b>(76,089)</b>	<b>199,139</b>	<b>1,244,209</b>	<b>(312,317)</b>	<b>(60,698)</b>	<b>475</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 11,186,477</b>	<b>\$ 352,649</b>	<b>\$ 7,536,774</b>	<b>\$ 538,608</b>	<b>\$ 49,201</b>	<b>\$ 1,144,671</b>	<b>\$ 350,379</b>	<b>\$ 1,856,034</b>	<b>\$ 1,211,888</b>	<b>\$ 4,997,102</b>	<b>\$ 5,505</b>	<b>\$ 5,387</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**SEPTEMBER 30, 2016**

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
<b>LIABILITIES AND NET POSITION</b>										
<b>CURRENT LIABILITIES</b>										
Accounts payable	\$ -	\$ 20,065	\$ 7,257	\$ 97	\$ 198	\$ 17,086	\$ 584	\$ 1,663	\$ -	\$ 269,823
Accrued expenses	-	54,979	1,900	823	1,080	7,216	1,079	-	(287,597)	135,634
Compensated absences	-	387	338	58	234	2,126	138	-	-	12,445
Unearned revenue	-	1,284	2,086	-	-	-	-	-	-	32,024
Due to other programs	-	15,623	-	2,971	-	-	28,831	-	(1,402,973)	-
Tenants' security deposits	-	37,632	29,271	-	-	-	-	-	-	156,644
Current portion of notes payable	-	71,077	149,554	-	-	-	-	-	-	3,706,950
<b>TOTAL CURRENT LIABILITIES</b>	-	<b>201,047</b>	<b>190,406</b>	<b>3,949</b>	<b>1,512</b>	<b>26,428</b>	<b>30,632</b>	<b>1,663</b>	<b>(1,690,570)</b>	<b>4,313,520</b>
<b>NONCURRENT LIABILITIES</b>										
Investment in Linden Pointe, LLLP	-	-	-	-	-	-	-	-	-	408
Investment in Arbor Vista, LLLP	-	-	-	-	-	-	-	-	-	423
Investment in Village Park, LLLP	-	-	-	-	-	-	-	-	-	122
Compensated absences	-	3,484	3,041	519	2,105	19,132	1,240	-	-	111,998
Tenants' FSS escrow	-	-	-	-	-	60,480	-	-	-	60,480
Notes payable, net of discount	-	3,909,845	167,429	-	-	-	-	-	(947,208)	10,105,776
<b>TOTAL NONCURRENT LIABILITIES</b>	-	<b>3,913,329</b>	<b>170,470</b>	<b>519</b>	<b>2,105</b>	<b>79,612</b>	<b>1,240</b>	<b>-</b>	<b>(947,208)</b>	<b>10,279,207</b>
<b>TOTAL LIABILITIES</b>	-	<b>4,114,376</b>	<b>360,876</b>	<b>4,468</b>	<b>3,617</b>	<b>106,040</b>	<b>31,872</b>	<b>1,663</b>	<b>(2,637,778)</b>	<b>14,592,727</b>
<b>NET POSITION</b>										
Net investment in capital assets	-	(1,676,179)	1,331,426	1,913	-	301,071	-	-	947,208	5,669,932
Restricted	-	247,687	-	-	-	-	-	-	-	247,687
Unrestricted	259,488	16,278	337,964	(8,092)	14	385,285	(21,249)	23,208	(947,208)	11,908,277
<b>TOTAL NET POSITION</b>	<b>259,488</b>	<b>(1,412,214)</b>	<b>1,669,390</b>	<b>(6,179)</b>	<b>14</b>	<b>686,356</b>	<b>(21,249)</b>	<b>23,208</b>	<b>-</b>	<b>17,825,896</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 259,488</b>	<b>\$ 2,702,162</b>	<b>\$ 2,030,266</b>	<b>\$ (1,711)</b>	<b>\$ 3,631</b>	<b>\$ 792,396</b>	<b>\$ 10,623</b>	<b>\$ 24,871</b>	<b>\$ (2,637,778)</b>	<b>\$ 32,418,623</b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2016**

	LOCAL/STATE												
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	FORESIGHT BUILDING	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
<b>OPERATING REVENUE</b>													
Dwelling rental	\$ -	\$ 25,800	\$ -	\$ 88,697	\$ -	\$ -	\$ -	\$ 22,824	\$ 203,933	\$ 291,724	\$ 526,154	\$ -	\$ -
Operating grants	21,000	-	1,027,252	265	13,945	-	-	-	-	-	5,000	-	116,700
Other operating revenue	1,969,373	1,608	33,849	1,081	82,113	99,793	3,320	82	12,659	41,417	5,450	49,260	-
<b>TOTAL OPERATING REVENUE</b>	<b>1,990,373</b>	<b>27,408</b>	<b>1,061,101</b>	<b>90,043</b>	<b>96,058</b>	<b>99,793</b>	<b>3,320</b>	<b>22,906</b>	<b>216,592</b>	<b>333,141</b>	<b>536,604</b>	<b>49,260</b>	<b>116,700</b>
<b>OPERATING EXPENSES</b>													
Administration	756,584	7,099	233,721	33,560	107,120	3,385	51,179	5,062	50,990	79,854	172,874	55,645	122,688
Tenant services	-	-	-	-	-	-	-	-	211	479	1,044	-	-
Utilities	7,515	1,881	237	9,534	1,216	-	11,017	4,720	20,580	19,258	66,678	-	100
Maintenance and operations	563,306	6,623	3,334	18,715	2,013	971	22,375	30,738	64,286	113,806	173,889	-	787
General expenses	405	50	-	-	-	-	-	-	12,067	19,152	4,552	-	-
Insurance	39,456	1,103	1,034	3,434	1,008	295	2,658	1,513	7,813	12,286	21,724	493	1,180
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	94,774	10,055	1,284	13,178	489	41,202	9,595	14,374	85,373	109,570	94,582	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,462,040</b>	<b>26,811</b>	<b>239,610</b>	<b>78,421</b>	<b>111,846</b>	<b>45,853</b>	<b>96,824</b>	<b>56,407</b>	<b>241,320</b>	<b>354,405</b>	<b>535,343</b>	<b>56,138</b>	<b>124,755</b>
<b>OPERATING INCOME (LOSS)</b>	<b>528,333</b>	<b>597</b>	<b>821,491</b>	<b>11,622</b>	<b>(15,788)</b>	<b>53,940</b>	<b>(93,504)</b>	<b>(33,501)</b>	<b>(24,728)</b>	<b>(21,264)</b>	<b>1,261</b>	<b>(6,878)</b>	<b>(8,055)</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>													
Interest income	126,051	4	275,623	690	136	146	11	(6)	50	873	113	33	9
Operating transfers in (out)	430,352	-	(535,564)	-	-	-	3,939	-	-	31,363	69,910	-	8,046
Interest expense	-	(6,174)	(59,426)	-	-	(34,480)	-	(2,979)	(11,888)	(35,454)	(131,982)	-	-
<b>NET NONOPERATING REVENUE (EXPENSE)</b>	<b>556,403</b>	<b>(6,170)</b>	<b>(319,367)</b>	<b>690</b>	<b>136</b>	<b>(34,334)</b>	<b>3,950</b>	<b>(2,985)</b>	<b>(11,838)</b>	<b>(3,218)</b>	<b>(61,959)</b>	<b>33</b>	<b>8,055</b>
<b>CHANGE IN NET POSITION</b>	<b>1,084,736</b>	<b>(5,573)</b>	<b>502,124</b>	<b>12,312</b>	<b>(15,652)</b>	<b>19,606</b>	<b>(89,554)</b>	<b>(36,486)</b>	<b>(36,566)</b>	<b>(24,482)</b>	<b>(60,698)</b>	<b>(6,845)</b>	<b>-</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>6,207,105</b>	<b>136,273</b>	<b>6,284,246</b>	<b>517,526</b>	<b>60,558</b>	<b>(95,695)</b>	<b>949,509</b>	<b>235,625</b>	<b>1,280,775</b>	<b>(287,835)</b>	<b>-</b>	<b>7,320</b>	<b>-</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>(11,247)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RESIDUAL EQUITY TRANSFER IN (OUT)</b>	<b>859,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(859,955)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 8,140,549</b>	<b>\$ 130,700</b>	<b>\$ 6,786,370</b>	<b>\$ 529,838</b>	<b>\$ 44,906</b>	<b>\$ (76,089)</b>	<b>\$ -</b>	<b>\$ 199,139</b>	<b>\$ 1,244,209</b>	<b>\$ (312,317)</b>	<b>\$ (60,698)</b>	<b>\$ 475</b>	<b>\$ -</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued  
YEAR ENDED SEPTEMBER 30, 2016

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
<b>OPERATING REVENUE</b>										
Dwelling rental	\$ -	\$ 329,047	\$ 350,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,838,572
Operating grants	-	858,455	325,341	51,986	-	6,946,049	292,260	19,939	(7,038)	9,671,154
Other operating revenue	-	38,617	5,924	-	-	21,819	-	35,202	(938,790)	1,462,777
<b>TOTAL OPERATING REVENUE</b>	<b>-</b>	<b>1,226,119</b>	<b>681,658</b>	<b>51,986</b>	<b>-</b>	<b>6,967,868</b>	<b>292,260</b>	<b>55,141</b>	<b>(945,828)</b>	<b>12,972,503</b>
<b>OPERATING EXPENSES</b>										
Administration	-	322,868	196,033	58,130	11,221	710,680	67,835	21,177	(458,918)	2,608,787
Tenant services	-	6,890	831	-	55,429	-	-	41,187	-	106,071
Utilities	-	104,898	94,686	-	178	10,257	746	-	-	353,501
Maintenance and operations	-	304,386	140,444	-	296	40,476	1,261	-	(453,654)	1,034,052
General expenses	-	43,075	30,014	-	-	3,112	462	-	(33,256)	79,633
Insurance	-	31,183	19,095	445	609	16,126	586	-	-	162,041
Housing assistance payments	-	-	-	-	-	6,117,268	226,286	-	-	6,343,554
Depreciation	-	172,040	87,573	353	-	35,889	-	-	-	770,331
<b>TOTAL OPERATING EXPENSES</b>	<b>-</b>	<b>985,340</b>	<b>568,676</b>	<b>58,928</b>	<b>67,733</b>	<b>6,933,808</b>	<b>297,176</b>	<b>62,364</b>	<b>(945,828)</b>	<b>11,457,970</b>
<b>OPERATING (LOSS) INCOME</b>	<b>-</b>	<b>240,779</b>	<b>112,982</b>	<b>(6,942)</b>	<b>(67,733)</b>	<b>34,060</b>	<b>(4,916)</b>	<b>(7,223)</b>	<b>-</b>	<b>1,514,533</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>										
Interest income	909	426	4,501	-	-	1,677	-	102	-	411,348
Operating transfers in (out)	-	-	-	-	67,733	(75,779)	-	-	-	-
Interest expense	-	(51,487)	(11,994)	-	-	-	-	-	-	(345,864)
<b>NET NONOPERATING REVENUE (EXPENSE)</b>	<b>909</b>	<b>(51,061)</b>	<b>(7,493)</b>	<b>-</b>	<b>67,733</b>	<b>(74,102)</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>65,484</b>
<b>CHANGE IN NET POSITION</b>	<b>909</b>	<b>189,718</b>	<b>105,489</b>	<b>(6,942)</b>	<b>-</b>	<b>(40,042)</b>	<b>(4,916)</b>	<b>(7,121)</b>	<b>-</b>	<b>1,580,017</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>258,579</b>	<b>(1,647,122)</b>	<b>1,563,901</b>	<b>763</b>	<b>14</b>	<b>726,398</b>	<b>(16,333)</b>	<b>30,329</b>	<b>-</b>	<b>16,211,936</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>45,190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,943</b>
<b>RESIDUAL EQUITY TRANSFER IN (OUT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 259,488</b>	<b>\$ (1,412,214)</b>	<b>\$ 1,669,390</b>	<b>\$ (6,179)</b>	<b>\$ 14</b>	<b>\$ 686,356</b>	<b>\$ (21,249)</b>	<b>\$ 23,208</b>	<b>\$ -</b>	<b>\$ 17,825,896</b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	LOCAL/STATE												
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT			MONUMENT BUSINESS CENTER	FORESIGHT		COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
			LINCOLN	CMCH	BUILDING		BOOKCLIFF						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>													
Cash received from tenants/participants	\$ -	\$ 25,656	\$ -	\$ 86,972	\$ -	\$ -	\$ -	\$ 22,707	\$ 205,692	\$ 296,064	\$ 560,300	\$ -	\$ -
Cash received from interprogram services provided	(829,596)	-	(81,416)	-	-	-	-	-	-	-	-	-	-
Cash received from operating grants	21,000	-	1,027,252	265	19,002	-	-	-	-	-	5,000	-	116,700
Other income received	1,874,220	1,608	(380,765)	1,081	82,113	99,793	3,320	82	12,659	41,417	5,450	49,260	-
Cash payments to vendors	(550,190)	(16,560)	(94,551)	(56,708)	(40,435)	(5,493)	(87,229)	(39,329)	(139,620)	(173,452)	(357,162)	(21,092)	(41,562)
Cash payments to employees	(829,698)	(245)	(152,563)	(9,787)	(72,427)	-	-	(1,328)	(19,069)	(23,214)	(61,544)	(35,705)	(85,301)
Cash payments for housing assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash payments for interprogram services used	81,416	-	414,402	-	-	(14,000)	-	-	-	-	440,135	-	-
<b>NET CASH (USED IN) PROVIDED BY     OPERATING ACTIVITIES</b>	<b>(232,848)</b>	<b>10,459</b>	<b>732,359</b>	<b>21,823</b>	<b>(11,747)</b>	<b>80,300</b>	<b>(83,909)</b>	<b>(17,868)</b>	<b>59,662</b>	<b>140,815</b>	<b>592,179</b>	<b>(7,537)</b>	<b>(10,163)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>													
Notes receivable	43,008	-	(1,163,252)	-	-	-	-	-	-	-	-	-	-
Acquisition of capital assets	(2,928,419)	-	821,133	-	-	-	-	-	-	(59,333)	(5,054,749)	-	-
Proceeds (principal payments)	2,664,000	(6,971)	15,128	-	-	(43,151)	-	(10,024)	(58,089)	(222,587)	4,556,456	-	-
Interest paid	-	(6,174)	(59,426)	-	-	(34,480)	-	(2,979)	(11,888)	(35,454)	(131,982)	-	-
<b>NET CASH (USED IN) PROVIDED BY CAPITAL     AND RELATED FINANCING ACTIVITIES</b>	<b>(221,411)</b>	<b>(13,145)</b>	<b>(386,417)</b>	<b>-</b>	<b>-</b>	<b>(77,631)</b>	<b>-</b>	<b>(13,003)</b>	<b>(69,977)</b>	<b>(317,374)</b>	<b>(630,275)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>													
Equity transfers	(510,757)	-	362,839	-	-	-	79,959	-	-	-	-	-	-
Operating transfers (out) in	430,352	-	(535,564)	-	-	-	3,939	-	-	31,363	69,910	-	8,046
<b>NET CASH (USED IN) PROVIDED BY     NONCAPITAL FINANCING ACTIVITIES</b>	<b>(80,405)</b>	<b>-</b>	<b>(172,725)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,898</b>	<b>-</b>	<b>-</b>	<b>31,363</b>	<b>69,910</b>	<b>-</b>	<b>8,046</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>													
Interest received	91,732	4	25,079	690	136	145	11	(6)	50	873	113	33	9
<b>NET (DECREASE) INCREASE IN CASH     AND CASH EQUIVALENTS</b>	<b>(442,932)</b>	<b>(2,682)</b>	<b>198,296</b>	<b>22,513</b>	<b>(11,611)</b>	<b>2,814</b>	<b>-</b>	<b>(30,877)</b>	<b>(10,265)</b>	<b>(144,323)</b>	<b>31,927</b>	<b>(7,504)</b>	<b>(2,108)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,972,611</b>	<b>1,252</b>	<b>(1,940)</b>	<b>201,725</b>	<b>45,525</b>	<b>37,759</b>	<b>-</b>	<b>1,736</b>	<b>22,724</b>	<b>406,124</b>	<b>-</b>	<b>13,009</b>	<b>7,495</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,529,679</b>	<b>\$ (1,430)</b>	<b>\$ 196,356</b>	<b>\$ 224,238</b>	<b>\$ 33,914</b>	<b>\$ 40,573</b>	<b>\$ -</b>	<b>\$ (29,141)</b>	<b>\$ 12,459</b>	<b>\$ 261,801</b>	<b>\$ 31,927</b>	<b>\$ 5,505</b>	<b>\$ 5,387</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED SEPTEMBER 30, 2016**

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Cash received from tenants/participants	\$ -	\$ 330,649	\$ 350,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,878,496
Cash received from interprogram services provided	-	(10,941)	-	-	-	-	-	-	921,953	-
Cash received from operating grants	-	858,455	325,341	49,830	-	6,535,684	282,466	19,939	-	9,260,934
Other income received	-	38,617	5,924	-	-	21,819	-	35,550	-	1,892,148
Cash payments to vendors	-	(599,480)	(408,566)	(26,903)	(20,830)	(386,097)	(29,087)	(61,418)	-	(3,155,764)
Cash payments to employees	-	(86,983)	(74,447)	(32,369)	(43,310)	(390,170)	(43,560)	-	-	(1,961,720)
Cash payments for housing assistance	-	-	-	-	-	(6,117,268)	(226,286)	-	-	(6,343,554)
Cash payments for interprogram services used	-	-	-	-	-	-	-	-	(921,953)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	-	530,317	198,708	(9,442)	(64,140)	(336,032)	(16,467)	(5,929)	-	1,570,540
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Notes receivable	-	-	198,715	-	-	-	-	-	(198,715)	(1,120,244)
Acquisition of capital assets	-	(428,247)	-	-	-	(1,875)	-	-	-	(7,651,490)
Principal payments	-	(76,358)	(145,106)	-	-	-	-	-	198,715	6,872,013
Interest paid	-	(72,852)	(11,994)	-	-	-	-	-	-	(367,229)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(577,457)	41,615	-	-	(1,875)	-	-	-	(2,266,950)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>										
Equity transfers	-	-	-	-	-	-	-	-	-	(67,959)
Operating transfers in (out)	-	-	-	-	67,733	(75,779)	-	-	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	-	-	-	67,733	(75,779)	-	-	-	(67,959)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Interest received	909	426	4,501	1	-	1,677	-	102	-	126,485
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	909	(46,714)	244,824	(9,441)	3,593	(412,009)	(16,467)	(5,827)	-	(637,884)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	258,579	436,910	132,666	-	-	482,465	-	30,698	-	4,049,338
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 259,488</b>	<b>\$ 390,196</b>	<b>\$ 377,490</b>	<b>\$ (9,441)</b>	<b>\$ 3,593</b>	<b>\$ 70,456</b>	<b>\$ (16,467)</b>	<b>\$ 24,871</b>	<b>\$ -</b>	<b>\$ 3,411,454</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED SEPTEMBER 30, 2016**

	LOCAL/STATE												
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	FORESIGHT BUILDING	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>													
Cash and investments	\$ 1,529,679	\$ (2,680)	\$ 196,356	\$ 217,233	\$ 33,914	\$ 35,573	\$ -	\$ (31,051)	\$ (4,823)	\$ 235,970	\$ 464	\$ 5,505	\$ 5,387
Cash and investments - restricted	-	1,250	-	7,005	-	5,000	-	1,910	17,282	25,831	31,463	-	-
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b>\$ 1,529,679</b>	<b>\$ (1,430)</b>	<b>\$ 196,356</b>	<b>\$ 224,238</b>	<b>\$ 33,914</b>	<b>\$ 40,573</b>	<b>\$ -</b>	<b>\$ (29,141)</b>	<b>\$ 12,459</b>	<b>\$ 261,801</b>	<b>\$ 31,927</b>	<b>\$ 5,505</b>	<b>\$ 5,387</b>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>													
Operating income (loss)	\$ 528,333	\$ 597	\$ 821,491	\$ 11,622	\$ (15,788)	\$ 53,940	\$ (93,504)	\$ (33,501)	\$ (24,728)	\$ (21,264)	\$ 1,261	\$ (6,878)	\$ (8,055)
Adjustments to reconcile operating income (loss to) net cash (used in) provided by operating activities													
Depreciation	94,774	10,055	1,284	13,178	489	41,202	9,595	14,374	85,373	109,570	94,582	-	-
Prior period adjustments	(11,247)	-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset included in accounts payable	(170,582)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities													
(Increase) decrease in assets													
Accounts receivable	(95,549)	(144)	(160,179)	(515)	1,552	-	-	(303)	(1,902)	2,643	(5,008)	-	-
Due from other governments	-	-	-	-	5,057	-	-	-	-	-	-	-	-
Due from other programs	(829,596)	-	(81,416)	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	(254,435)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities													
Accounts payable - operations	175,945	163	(7,768)	(361)	589	-	-	1,483	(2,079)	28,161	3,271	124	90
Accrued expenses	(6,342)	(212)	(1,020)	(891)	(3,646)	(842)	-	(107)	(663)	20,008	18,784	(783)	(2,198)
Unearned revenue	-	-	-	(1,275)	-	-	-	10	1,153	578	7,691	-	-
Due to other programs	81,416	-	414,402	-	-	(14,000)	-	-	-	-	440,135	-	-
Tenants' security deposits	-	-	-	65	-	-	-	176	2,508	-	-	-	-
Tenants' FSS escrow	-	-	-	-	-	-	-	-	-	1,119	31,463	-	-
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (232,848)</b>	<b>\$ 10,459</b>	<b>\$ 732,359</b>	<b>\$ 21,823</b>	<b>\$ (11,747)</b>	<b>\$ 80,300</b>	<b>\$ (83,909)</b>	<b>\$ (17,868)</b>	<b>\$ 59,662</b>	<b>\$ 140,815</b>	<b>\$ 592,179</b>	<b>\$ (7,537)</b>	<b>\$ (10,163)</b>

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**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
COMBINING STATEMENT OF CASH FLOWS - Continued  
YEAR ENDED SEPTEMBER 30, 2016

	PUBLIC	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	HOUSING CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>										
Cash and investments	\$ 259,488	\$ 104,877	\$ 348,219	\$ (9,441)	\$ 3,593	\$ 9,976	\$ (16,467)	\$ 24,871	\$ -	\$ 2,946,643
Cash and investments - restricted	-	285,319	29,271	-	-	60,480	-	-	-	464,811
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b>\$ 259,488</b>	<b>\$ 390,196</b>	<b>\$ 377,490</b>	<b>\$ (9,441)</b>	<b>\$ 3,593</b>	<b>\$ 70,456</b>	<b>\$ (16,467)</b>	<b>\$ 24,871</b>	<b>\$ -</b>	<b>\$ 3,411,454</b>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>										
Operating income (loss)	\$ -	\$ 240,779	\$ 112,982	\$ (6,942)	\$ (67,733)	\$ 34,060	\$ (4,916)	\$ (7,223)	\$ -	\$ 1,514,533
Adjustments to reconcile operating income (loss to) net cash provided by (used in) operating activities										
Depreciation	-	172,040	87,573	353	-	35,889	-	-	-	770,331
Prior period adjustments	-	45,190	-	-	-	-	-	-	-	33,943
Fixed asset included in accounts payable	-	-	-	-	-	-	-	-	-	(170,582)
Changes in assets and liabilities										
(Increase) decrease in assets										
Accounts receivable	-	-	2,703	-	299	(1,368)	462	348	-	(256,961)
Due from other governments	-	75,258	-	(2,156)	4,486	(410,365)	(9,794)	-	-	(337,514)
Due from other programs	-	-	-	-	-	-	-	-	911,012	-
Prepaid expenses	-	4,029	-	-	-	-	-	-	-	4,029
Other Assets	-	-	-	-	-	-	-	-	-	(254,435)
Increase (decrease) in liabilities										
Accounts payable - operations	-	6,147	(2,431)	85	129	12,688	428	946	-	217,610
Accrued expenses	-	(4,165)	(3,578)	(782)	(1,321)	(27,313)	(2,647)	-	-	(17,718)
Unearned revenue	-	1,284	542	-	-	-	-	-	-	9,983
Due to other programs	-	(10,941)	-	-	-	-	-	-	(911,012)	-
Tenants' security deposits	-	696	917	-	-	-	-	-	-	4,362
Tenants' FSS escrow	-	-	-	-	-	20,377	-	-	-	52,959
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 530,317</b>	<b>\$ 198,708</b>	<b>\$ (9,442)</b>	<b>\$ (64,140)</b>	<b>\$ (336,032)</b>	<b>\$ (16,467)</b>	<b>\$ (5,929)</b>	<b>\$ -</b>	<b>\$ 1,570,540</b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS  
DECEMBER 31, 2016

<u>ASSETS</u>	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	TOTAL
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 91,071	\$ 250,021	\$ 31,555	\$ 372,647
Cash and cash equivalents - restricted	476,566	171,123	362,874	1,010,563
Receivables - tenants	4,662	7,027	4,810	16,499
Prepaid expenses	<u>781</u>	<u>1,072</u>	<u>-</u>	<u>1,853</u>
<b>TOTAL CURRENT ASSETS</b>	<u>573,080</u>	<u>429,243</u>	<u>399,239</u>	<u>1,401,562</u>
<b>NONCURRENT ASSETS</b>				
Other assets, net of accumulated amortization	40,322	7,265	58,287	105,874
Land	1,062,457	323,812	720,000	2,106,269
Land improvements	1,804,304	1,918,800	1,267,446	4,990,550
Buildings and improvements	10,771,424	8,038,070	12,109,011	30,918,505
Equipment	160,557	455,409	339,991	955,957
Less accumulated depreciation	<u>(4,267,236)</u>	<u>(4,324,758)</u>	<u>(1,500,768)</u>	<u>(10,092,762)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>9,571,828</u>	<u>6,418,598</u>	<u>12,993,967</u>	<u>28,984,393</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 10,144,908</b></u>	<u><b>\$ 6,847,841</b></u>	<u><b>\$ 13,393,206</b></u>	<u><b>\$ 30,385,955</b></u>
 <u>LIABILITIES AND NET POSITION</u>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 6,150	\$ 3,427	\$ 4,564	\$ 14,141
Accrued expenses	1,256,531	598,704	238,605	2,093,840
Due to other governments	21,335	35,357	18,606	75,298
Prepaid rent	2,874	2,224	1,198	6,296
Tenants' security deposits	52,197	66,717	56,686	175,600
Current portion of notes payable	<u>40,400</u>	<u>54,734</u>	<u>39,474</u>	<u>134,608</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,379,487</u>	<u>761,163</u>	<u>359,133</u>	<u>2,499,783</u>
<b>NONCURRENT LIABILITIES</b>				
Developer fee payable	323,338	-	131,683	455,021
Notes payable	<u>4,331,034</u>	<u>3,044,039</u>	<u>3,422,178</u>	<u>10,797,251</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>4,654,372</u>	<u>3,044,039</u>	<u>3,553,861</u>	<u>11,252,272</u>
<b>TOTAL LIABILITIES</b>	<u>6,033,859</u>	<u>3,805,202</u>	<u>3,912,994</u>	<u>13,752,055</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,160,072	3,312,560	9,474,028	17,946,660
Restricted	424,369	104,406	306,188	834,963
Unrestricted	<u>(1,473,392)</u>	<u>(374,327)</u>	<u>(300,004)</u>	<u>(2,147,723)</u>
<b>TOTAL NET POSITION</b>	<u>4,111,049</u>	<u>3,042,639</u>	<u>9,480,212</u>	<u>16,633,900</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 10,144,908</b></u>	<u><b>\$ 6,847,841</b></u>	<u><b>\$ 13,393,206</b></u>	<u><b>\$ 30,385,955</b></u>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
COMBINING STATEMENT OF REVENUE, EXPENSES, AND  
CHANGES IN NET POSITION - COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 2016

	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	TOTAL
OPERATING REVENUE				
Dwelling rental	\$ 541,038	\$ 674,116	\$ 557,041	\$ 1,772,195
Other operating revenue	14,926	21,501	21,245	57,672
TOTAL OPERATING REVENUE	<u>555,964</u>	<u>695,617</u>	<u>578,286</u>	<u>1,829,867</u>
OPERATING EXPENSES				
Administration	148,204	173,972	157,213	479,389
Utilities	38,839	48,986	48,434	136,259
Maintenance and operations	138,038	231,230	134,603	503,871
General expenses	13,656	25,119	29,773	68,548
Insurance	19,274	26,272	24,128	69,674
Depreciation and amortization	515,334	332,731	460,362	1,308,427
TOTAL OPERATING EXPENSES	<u>873,345</u>	<u>838,310</u>	<u>854,513</u>	<u>2,566,168</u>
OPERATING (LOSS)	<u>(317,381)</u>	<u>(142,693)</u>	<u>(276,227)</u>	<u>(736,301)</u>
NONOPERATING REVENUE (EXPENSE)				
Interest income	455	1,043	1,257	2,755
Interest expense	<u>(317,750)</u>	<u>(191,085)</u>	<u>(194,781)</u>	<u>(703,616)</u>
NET NONOPERATING (EXPENSE)	<u>(317,295)</u>	<u>(190,042)</u>	<u>(193,524)</u>	<u>(700,861)</u>
CHANGE IN NET POSITION	(634,676)	(332,735)	(469,751)	(1,437,162)
NET POSITION AT BEGINNING OF YEAR	<u>4,745,725</u>	<u>3,375,374</u>	<u>9,949,963</u>	<u>18,071,062</u>
<b>NET POSITION AT END OF YEAR</b>	<b><u>\$ 4,111,049</u></b>	<b><u>\$ 3,042,639</u></b>	<b><u>\$ 9,480,212</u></b>	<b><u>\$ 16,633,900</u></b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 2016

	<u>ARBOR VISTA LLLP</u>	<u>LINDEN POINTE LLLP</u>	<u>VILLAGE PARK LLLP</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from tenants/participants	\$ 540,160	\$ 672,817	\$ 557,490	\$ 1,770,467
Other income received	15,485	25,644	22,764	63,893
Cash payments to vendors	<u>(349,300)</u>	<u>(1,090,906)</u>	<u>(502,907)</u>	<u>(1,943,113)</u>
<b>NET CASH PROVIDED BY (USED IN)</b> <b>    OPERATING ACTIVITIES</b>	<u>206,345</u>	<u>(392,445)</u>	<u>77,347</u>	<u>(108,753)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b> <b>ACTIVITIES</b>				
Payment of developer fee	(20,377)	-	(22,631)	(43,008)
Acquisition of capital assets	-	(2,383)	-	(2,383)
Principal payments	(36,648)	(48,323)	(37,106)	(122,077)
Interest paid	<u>(136,480)</u>	<u>401,116</u>	<u>(10,674)</u>	<u>253,962</u>
<b>NET CASH (USED IN) PROVIDED BY CAPITAL</b> <b>    AND RELATED FINANCING ACTIVITIES</b>	<u>(193,505)</u>	<u>350,410</u>	<u>(70,411)</u>	<u>86,494</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>455</u>	<u>1,043</u>	<u>1,257</u>	<u>2,755</u>
<b>NET INCREASE (DECREASE) IN CASH AND</b> <b>    CASH EQUIVALENTS</b>	13,295	(40,992)	8,193	(19,504)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>554,342</u>	<u>462,136</u>	<u>386,236</u>	<u>1,402,714</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 567,637</b></u>	<u><b>\$ 421,144</b></u>	<u><b>\$ 394,429</b></u>	<u><b>\$ 1,383,210</b></u>

(Continued on page 45)

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS - Continued  
YEAR ENDED DECEMBER 31, 2016

	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	TOTAL
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF THE STATEMENT OF NET POSITION</u>				
Cash and cash equivalents	\$ 91,071	\$ 250,021	\$ 31,555	\$ 372,647
Cash and cash equivalents - restricted	476,566	171,123	362,874	1,010,563
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 567,637</u></b>	<b><u>\$ 421,144</u></b>	<b><u>\$ 394,429</u></b>	<b><u>\$ 1,383,210</u></b>
<u>RECONCILIATION OF (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating (loss)	\$ (317,381)	\$ (142,693)	\$ (276,227)	\$ (736,301)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	515,334	332,731	460,362	1,308,427
Changes in assets and liabilities				
Decrease in assets				
Accounts receivable	559	4,143	1,519	6,221
Prepaid expenses	1,288	938	-	2,226
Increase (decrease) in liabilities				
Accounts payable - operations	2,969	(3,263)	(1,245)	(1,539)
Accrued expenses	-	(585,455)	(107,537)	(692,992)
Unearned revenue	(3,202)	(1,038)	1,198	(3,042)
Due to other governments	4,454	2,453	26	6,933
Tenants' security deposits	2,324	(261)	(749)	1,314
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ 206,345</u></b>	<b><u>\$ (392,445)</u></b>	<b><u>\$ 77,347</u></b>	<b><u>\$ (108,753)</u></b>

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
 SUPPLEMENTARY INFORMATION REQUIRED BY HUD  
 SEPTEMBER 30, 2016

**Reserve for Replacements**

In accordance with the provisions of the regulatory agreement, restricted cash is held in trust with Wells Fargo Bank, to be used for replacement of property with the approval of HUD. Under the agreement, the Housing Authority must deposit \$5,310 (\$5,155 prior to October 2016) monthly.

	RATEKIN TOWER APARTMENTS
Balance - September 30, 2015	\$ 293,316
Deposits	62,168
Interest earned	9
Approved withdrawals	(121,891)
<b>Balance - September 30, 2016</b>	<b><u>\$ 233,602</u></b>

An additional reserve for replacement of laundry equipment is maintained in the amount of \$62,329. These funds are to be used for laundry facility replacements only, unless the Board approves other use.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**RATEKIN TOWER APARTMENTS**  
**HUD PROJECT NO. EH101-35341/35571**  
**SUPPLEMENTARY INFORMATION REQUIRED BY HUD - Continued**  
**SEPTEMBER 30, 2016**

SURPLUS CASH NOTE

In July 2003, the Housing Authority refinanced the Ratekin debt. Subsequent to the refinance, Ratekin's regulatory agreement does not require a residual receipts reserve. The agreement requires a surplus cash calculation that allows for an Incentive Performance Fee to the Housing Authority's general operating fund with the remaining surplus cash deposited into a restricted surplus cash account. These surplus funds are to be used as follows: 75 percent to make principal and interest payments on the Ratekin 2<sup>nd</sup> mortgage and 25 percent to the Housing Authority's general operating fund. The calculation is on the next page.

SCHEDULE OF CHANGES IN FIXED ASSETS

	ASSETS			ACCUMULATED DEPRECIATION			NET
	BALANCE	ADDITIONS	DEDUCTIONS	BALANCE	ADDITIONS	DEDUCTIONS	BOOK VALUE
	SEPTEMBER 30, 2015			SEPTEMBER 30, 2016			SEPTEMBER 30, 2015
Land	\$ 485,530	\$ -	\$ -	\$ 485,530	\$ -	\$ -	\$ 485,530
Land improvements	13,300	-	-	13,300	8,701	427	4,172
Buildings and improvements	5,317,860	428,247	-	5,746,107	4,046,963	141,089	1,558,055
Building equipment							
Fixed	581,618	-	-	581,618	313,244	24,949	338,193
Portable	423	-	-	423	423	-	423
Furniture	10,502	-	-	10,502	10,502	-	10,502
Furnishings	251,631	-	-	251,631	242,116	2,850	244,966
Maintenance equipment	6,758	-	-	6,758	6,758	-	6,758
Other	131,828	-	-	131,828	122,207	2,725	124,932
	<b><u>\$ 6,799,450</u></b>	<b><u>\$ 428,247</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,227,697</u></b>	<b><u>\$ 4,750,914</u></b>	<b><u>\$ 172,040</u></b>	<b><u>\$ 4,922,954</u></b>

Fixed Asset Additions:

Mailboxes	\$ 5,624
Hot Water Systems	332,543
Water Control Valves	90,080
<b>TOTAL ADDITIONS</b>	<b><u>\$ 428,247</u></b>

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
HOUSING - FEDERAL HOUSING COMMISSIONER  
OFFICE OF MULTIFAMILY HOUSING MANAGEMENT AND OCCUPANCY

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND  
RESIDUAL RECEIPTS**

PROJECT NAME		FISCAL PERIOD ENDED:	PROJECT NUMBER
Ratekin Tower Apartments		9-30-2016	EH101-35341/35571
PART A-COMPUTE SURPLUS CASH			
1 Cash (Accounts 1120,1191)		\$ 80,180	
2 Tenant subsidy vouchers due for period covered by financial statement			
3 Other - Amount due from replacement reserves		-	
(a) Total Cash (Add Lines 1,2, and 3)		\$ 80,180	
4 Accrued mortgage interest payable		\$	
5 Delinquent mortgage principal payments			
6 Delinquent deposits to reserve for replacements			
7 Accounts payable (due within 30 days)		20,065	
8 Loans and notes payable (Due within 30 days)			
9 Deficient Tax Insurance or MIP Escrow deposits			
10 Accrued expenses (not escrowed)		5,576	
11 Prepaid rents (Account 2210)		1,284	
12 Tenant security deposits liability (Accounts 2191 and 2192)		37,632	
13 Other (Describe)			
(b) Less Total Current Obligations (Add Lines 4 through 13)		\$ 64,557	
(c) Surplus Cash (Deficiency)(Line (a) minus Line (b))		\$ 15,623	
PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS			
1 Surplus Cash		\$ 15,623	
Ltd Div	2a Annual Distribution Earned During Fiscal Period Covered by the Statement	\$ 15,623	
	2b Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period		
Proj	2c Distributions Paid During Fiscal Period Covered by Statement		
	3 Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	15,623	
4 Amount Available for distribution during next Fiscal Period		\$ 0	
5 Deposit Due restricted surplus cash account		\$ -	
75% to make principal and interest payments on Ratekin 2nd mortgage		\$ -	
25% to the Housing Authority's general operating fund		\$ -	
PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
HOUSING - FEDERAL HOUSING COMMISSIONER  
OFFICE OF MULTIFAMILY HOUSING MANAGEMENT AND OCCUPANCY

**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND  
RESIDUAL RECEIPTS**

PROJECT NAME		FISCAL PERIOD ENDED:	PROJECT NUMBER
Walnut Park Apartments		9-30-2016	
PART A-COMPUTE SURPLUS CASH			
	1 Cash (Accounts 1120,1191)	\$ 340,274	
	2 Tenant subsidy vouchers due for period covered by financial statement		
	3 Other - Amount due from replacement reserves	-	
(a) Total Cash (Add Lines 1,2, and 3)		\$ 340,274	
	4 Accrued mortgage interest payable	\$	
	5 Delinquent mortgage principal payments		
	6 Delinquent deposits to reserve for replacements		
	7 Accounts payable (due within 30 days)	7,257	
	8 Loans and notes payable (Due within 30 days)		
	9 Deficient Tax Insurance or MIP Escrow deposits		
	10 Accrued expenses (not escrowed)	5,093	
	11 Prepaid rents (Account 2210)	2,086	
	12 Tenant security deposits liability (Accounts 2191 and 2192)	29,271	
	13 Other (Describe)		
(b) Less Total Current Obligations (Add Lines 4 through 13)		\$ 43,707	
(c) Surplus Cash (Deficiency)(Line (a) minus Line (b))		\$ 296,567	
PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS			
	1 Surplus Cash	\$ 296,567	
Ltd	2a Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	
Div	2b Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period		
Proj	2c Distributions Paid During Fiscal Period Covered by Statement		
	3 Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	-	
4 Amount Available for distribution during next Fiscal Period		\$	
5 Deposit Due restricted surplus cash account		\$ 296,567	
		\$	
		\$	
PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>PASS-THRU GRANT IDENTIFICATION</u>	<u>AWARD AMOUNT</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Housing Voucher				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 6,725,309	\$ 6,814,697
Other Public Housing Authorities	14.871	N/A	119,767	<u>119,767</u>
TOTAL HOUSING VOUCHER				<u>6,934,464</u>
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A		
Ratekin Tower			525,912	525,912
Walnut Park			325,341	<u>325,341</u>
TOTAL SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION				<u>851,253</u>
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	N/A	N/A	<u>3,285,148</u>
Colorado Housing and Finance Authority Housing Counseling Assistance Program	14.169		35,000	<u>13,945</u>
Colorado Department of Local Affairs HOME Investment Partnerships Program	14.239	CMS-46791	600,000	<u>226,922</u>
Multifamily Housing Service Coordinators	14.191	N/A	149,989	<u>51,986</u>
Family Self-Sufficiency Program Coordinators	14.896	N/A	51,329	<u>11,585</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				11,375,303
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Mesa County Department of Human Services Temporary Assistance for Needy Families	93.558	C177A	175,000	<u>175,000</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 11,550,303</u></b>

(Continued on page 51)

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued  
YEAR ENDED SEPTEMBER 30, 2016

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Grand Junction and is presented on the 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Summary of Significant Accounting Policies

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City of Grand Junction has elected not to use the 10 percent minimus indirect cost rate allowed under the Uniform Guidance, except for the Housing Counseling Assistance Program.

Disclosure of Other Forms of Assistance

Included in the amounts shown on the accompanying schedule of expenditures of federal awards are two loans - CFDA 14.155 payable to the Department of Housing and Urban Development and one mortgage in which HUD assumes the loss of 50 percent. The total HUD-insured portion of mortgages has an outstanding balance of \$3,243,711 under this non-major program as of September 30, 2016.

The Housing Authority of the City of Grand Junction received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2016.

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION  
Grand Junction, Colorado**

**OTHER REPORTS**

**INDEPENDENT AUDITORS' 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 Commissioners  
Housing Authority of the City of Grand Junction  
Grand Junction, Colorado

We have audited, in accordance with the 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 Housing Authority of the City of Grand Junction ("Housing Authority"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated April 5, 2017.

***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing 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 the attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Housing 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 intended 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 Housing 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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
April 5, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Housing Authority of the City of Grand Junction  
Grand Junction, Colorado

***Report on Compliance for Each Major Federal Program***

We have audited the Housing Authority of the City of Grand Junction's ("Housing Authority"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2016. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Housing 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (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 Housing 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 of the Housing Authority's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Housing 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 the its major federal programs for the year ended September 30, 2016.

### ***Report on Internal Control Over Compliance***

Management of the Housing 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 of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
April 5, 2017

**HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION**  
**Grand Junction, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major federal programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.182	Section 8 New Construction and Substantial Rehabilitation
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings - NONE**

**Section III - Federal Award Findings and Questioned Costs - NONE**

**Section IV - Prior Year Findings - NONE**