



Financial Statements
December 31, 2016

Jefferson County Housing Authority



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Independent Auditor's Report

To the Board of Commissioners
Jefferson County Housing Authority
Wheat Ridge, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Jefferson County Housing Authority (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Jefferson County Housing Authority as of December 31, 2016, and the respective changes in financial position and cash flows thereof 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 Jefferson County Housing Authority's basic financial statements. The accompanying combining statements as listed in the table of contents 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 is also not a required part of the financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2017, on our consideration of Jefferson County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho
May 31, 2017

Management's Discussion and Analysis

As management of the Jefferson County Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2016. The Management Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Authority's financial activity and position, and to identify financial trends and concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and the additional information that we have furnished in our notes to the financial statements to obtain a full understanding of its financial position.

Financial Highlights

The Jefferson County Housing Authority continues to have a strong financial outlook.

- Total Net Position was \$29,053,424 at December 31, 2016, an increase of \$3,170,967 or a 12.3% increase from the \$25,882,457 reported at December 31, 2015.
- The fiscal year ended with a current ratio of 4.2, allowing the Authority to meet its current obligations 4.2 times. The current ratio for 2015 was 5.1.
- Number of month's expendable net position ratio was 7.2 at December 31, 2016 a decrease from 2015's ratio of 6.8. This demonstrates the Authority's ability to meet monthly expenses.
- Total Cash, Cash Equivalents and Investments were \$11,653,319 at fiscal year-end 2016 and \$9,485,515 at fiscal year-end 2015 for a net increase of \$2,167,804.
- The Section 8 Housing Choice Voucher Annual contributions increased \$805,776 in 2016 to \$11,098,393, up from 2015's \$10,292,617.
- The year was finished with a Net Increase in Net Position (Profit) of \$3,170,967. Revenues totaled \$22,264,287 and expenditures were (\$19,093,320).
- The Authority purchased land in 2016 for the newly acquired property, Hidden Lake Homes, adding 72 units to its portfolio. The project is scheduled to open the summer of 2017.

Using the Financial Statements

The Basic Financial Statements consist of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Authority as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position presents information on all the Authority's assets and liabilities. Under GASB 34, the difference between the Authority's assets and liabilities is Net Position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Change in Net Position shows the reader operating revenues and expenses by the Authority as a whole. This is reported on a full accrual basis where income is reported when earned and expenses are reported as incurred. This report shows the reader the net increase (decrease) in Net Position (profit/loss). Operating income is made up of tenant rents, management fees, HUD operating subsidies, and other income. Operating expenses are Section 8 landlord payments, salaries and benefits, office expenses, insurance, utilities, maintenance and depreciation. The difference between Operating Revenue and Operating Expenses is Net Operating Income (Loss) allowing us to see if the operations of the Authority are generating an

Using the Financial Statements (continued)

increase or decrease. The next section shows non-operating revenues and expenses. Non-operating revenues and expenses are interest income, mortgage interest expense, capital grants, net income/loss from joint ventures, and gain/loss on disposal of capital assets, bringing us to the Change in Net Position (profit/loss) for the year just ended.

Each column of the combining statements beginning on page 36 is a program. A program is a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and net position and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

The Statement of Cash Flows provides our third statement which converts our accrual accounting to cash to let the reader know if the Authority, as a whole, increased or decreased in the cash position for 2016 and what the sources or uses of the cash were.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found beginning on page 19, immediately after the Statement of Cash Flows.

Financial Analysis

STATEMENTS OF NET POSITION

	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 14,607,514	\$ 11,923,882	\$ 2,683,632	22.5%
Notes receivable	8,860,149	8,170,183	689,966	8.4%
Other noncurrent assets	1,324,890	661,233	663,657	100.4%
Capital assets	<u>25,526,832</u>	<u>26,779,280</u>	<u>(1,252,448)</u>	<u>-4.7%</u>
Total assets	<u>\$ 50,319,385</u>	<u>\$ 47,534,578</u>	<u>\$ 2,784,807</u>	<u>5.9%</u>
LIABILITIES				
Current liabilities	\$ 3,492,545	\$ 2,353,915	\$ 1,138,630	48.4%
Other payables	512,152	619,432	(107,280)	-17.3%
Mortgages payable	<u>17,261,264</u>	<u>18,678,774</u>	<u>(1,417,510)</u>	<u>-7.6%</u>
Total liabilities	<u>21,265,961</u>	<u>21,652,121</u>	<u>(386,160)</u>	<u>-1.8%</u>
NET POSITION				
Net investment in capital assets	6,839,279	6,637,078	202,201	3.0%
Restricted	156,012	93,530	62,482	66.8%
Unrestricted	<u>22,058,133</u>	<u>19,151,849</u>	<u>2,906,284</u>	<u>15.2%</u>
Total net position	<u>29,053,424</u>	<u>25,882,457</u>	<u>3,170,967</u>	<u>12.3%</u>
Total liabilities and net position	<u>\$ 50,319,385</u>	<u>\$ 47,534,578</u>	<u>\$ 2,784,807</u>	<u>5.9%</u>

Financial Analysis (Continued)

- Total Assets at 2016 year end were \$50,319,385, an increase of \$2,784,807 or 5.9% from the \$47,534,578 reported for 2015.
- There was an increase of \$2,683,632 in Current Assets, with increases in Cash and Restricted Cash of \$2,167,804, which included an advance payment received in December for the Housing Choice Voucher program, and Developer Fee Receivable of \$700,000 for a total all increases of \$2,867,804. This was offset with decreases in Notes Receivable, Current Portion of \$(72,679), Due from Jeffco Housing Corporation of \$(59,287), Prepaid Expenses of \$(1,203), and Accounts Receivable of \$(51,003) for a total of \$(184,172).
- Non-Current Assets increased \$101,175 with increases in Notes Receivable of \$689,966, Equity method investments of \$750,411 offset with decreases in Misc. Non-Current Assets of \$(86,754) and an decrease in capital assets of \$(1,252,448).
- Current Liabilities at 2016 year end were \$3,492,545, an increase of \$1,138,630 from 2015. The change is made up of an increase in the Due to the Jeffco Housing Corp of \$45,415, in Prepaid Rents and advanced HUD funding of \$1,045,212, in the Current Portion of Compensated Absences of \$39,581, in Tenant Security Deposits of \$28,310, and in Accounts Payable of \$17,251, offset by a decrease in the Current Portion of Mortgages Payable of (\$37,139).
- Other payables were \$512,152, a decrease of (\$107,280) from the prior year due to the decrease of (\$44,414) in the Long-Term portion of Compensated Absences and (\$62,866) in Rehab Payable.
- Mortgages Payable was \$17,261,264, a decrease of (\$1,417,510) from last year. This change was mainly due to mortgage principal payments.
- On December 31, 2016, assets exceeded liabilities by \$29,053,424. This is made up of \$6,839,279 net investment in capital assets, \$156,012 in restricted housing assistance payments, and \$22,058,133 in unrestricted net position.

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

	2016	2015	Dollar Change	Percent Change
OPERATING REVENUES	\$ 22,168,243	\$ 18,472,487	\$ 3,695,756	20.0%
OPERATING EXPENSES	18,377,273	16,799,217	1,578,056	9.4%
NET OPERATING INCOME	3,790,970	1,673,270	2,117,700	126.6%
NET NON-OPERATING REVENUE (EXPENSES)	(620,003)	(146,477)	(473,526)	323.3%
NET INCREASE (DECREASE) IN NET POSITION	3,170,967	1,526,793	1,644,174	107.7%
NET POSITION, Beginning of year	25,882,457	24,355,664	1,526,793	6.3%
NET POSITION, End of year	<u>\$ 29,053,424</u>	<u>\$ 25,882,457</u>	<u>\$ 3,170,967</u>	<u>12.3%</u>

Financial Analysis (Continued)

- Operating Revenues had an increase of \$3,695,756 due to the increase in Rental Income of \$320,643, and Operating Subsidies of \$1,070,138 and an increase in Other Income of \$2,304,975.
- Operating Expenses increased by (\$1,578,056) this year. This is from increases in HAP expense (\$928,277), Operating costs (\$652,080), and Utilities of (\$10,637) with a decrease in Depreciation of \$12,938.
- Non-Operating Revenues (Expenses) changed by \$473,526 in 2016. For our normal operations this year, we had (\$620,003) in expenses compared to (\$146,477) in normal operations in 2015.
- The Authority finished the year with a Change in Net Position of \$3,170,967.

CAPITAL ASSETS

	2016	2015	Dollar Change	Percent Change
Non-depreciable Assets				
Land/construction in progress	\$ 5,417,606	\$ 5,761,052	\$ (343,446)	-6.0%
Depreciable Assets				
Buildings and improvements	30,838,871	30,754,944	83,927	0.3%
Equipment and furniture	3,796,590	3,817,954	(21,364)	-0.6%
Total depreciable assets	34,635,461	34,572,898	62,563	0.2%
Less Accumulated Depreciation	(14,526,235)	(13,554,670)	(971,565)	7.2%
Total Capital Assets, Being Depreciated, Net	20,109,226	21,018,228	(909,002)	-4.3%
Total Capital Assets, Net	<u>\$ 25,526,832</u>	<u>\$ 26,779,280</u>	<u>\$ (1,252,448)</u>	<u>-4.7%</u>

As of December 31, 2016, the Authority had \$25,526,832 invested in a broad range of capital assets, including sites, buildings, and equipment. As of December 31, 2015, this amount was \$26,779,280 a decrease of (\$1,252,448). Some of the significant activity in capital assets is described below in the Program Analysis and Highlights. See Note 6 in the footnotes portion of the financial statements for additional information.

CONDENSED STATEMENT OF CHANGES IN LONG-TERM DEBT

	2016	2015	Dollar Change	Percent Change
Mortgages Payable - Current	\$ 1,426,289	\$ 1,463,428	\$ (37,139)	-2.5%
Mortgages Payable	17,261,264	18,678,774	(1,417,510)	-7.6%
Total	<u>\$ 18,687,553</u>	<u>\$ 20,142,202</u>	<u>\$ (1,454,649)</u>	<u>-7.2%</u>

As of December 31, 2016 and 2015, the Authority had \$18,687,553 and \$20,142,202, respectively, of outstanding long-term debt for a net decrease of (\$1,454,649). Details of the mortgages can be found in Note 7 in the footnotes section of the financial statements.

The Authority's Program Analysis and Highlights

General Fund Program

The General Fund Program is responsible for development of new units in Jefferson County. The General Fund Program has a net position of \$5,787,144 at year end 2016. The Authority painted the interior hallways and common areas in the main offices, installed glass divider between lobby and second floor, stabilizing the exterior concrete on the south side of the main offices, and purchasing new computers. This also includes the development of the Hidden Lake Homes project. The Authority has been awarded tax credits for a new project called El Rancho Flats this project will see expenditures sometime in 2017.

Public Housing Program

During 2006, HUD granted a disposition request to the Authority for the 65 units of Public Housing that the Authority owned and operated for rent to low-income individuals and families. The properties were sold to the JeffCo Housing Corporation. At year-end 2016, the Program has a net position of \$9,237,239.

Housing Choice Vouchers Program

Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low income families in the private market and earns an administrative fee to cover the Program's operating costs. In 2016, the Authority received funding for 16,783 vouchers and administered on average 1,398 rental vouchers per month to low-income clients in Jefferson County. The Authority receives administrative fees as part of this Program and the Program has a net position of \$335,472.

Housing Rehab Program

The Housing Rehab Program utilizes grants and affordable loans to do necessary repairs and rehabilitation to the homes of eligible households in Jefferson County. The Housing Rehab Program provides financial and technical assistance to low/moderate income homeowner households. The Housing Rehab Program has a net position at fiscal year-end 2016 of \$2,266,663.

Section 8 New Construction Program

The Authority owns and operates two senior/handicapped apartment buildings located in Evergreen and Golden, Colorado. Both buildings receive subsidies from HUD under the Section 8 New Construction and Substantial Rehabilitation program. This program enables seniors (age 62 or older) and persons with disabilities to pay thirty percent of their income towards rent.

Canyon Gate Apartments: Canyon Gate Apartments is a 53-unit complex located in Golden, Colorado. Canyon Gate Apartments had an increase in net position of \$91,880 and a net position at year-end of \$101,183. In 2016, the property has additional washers and dryers. Looking forward to 2017, there will be sprinkler upgrades, a boiler installation, the exterior will be painted and there will be major tree trimming.

The Authority's Program Analysis and Highlights (Continued)

Section 8 New Construction Program (Continued)

Green Ridge Meadow Apartments: Green Ridge Meadow Apartments is a 79-unit complex in Evergreen, Colorado. Green Ridge had an increase in net position of \$34,672 at year-end and a net position at December 31, 2016, of \$755,776. During 2016, the exterior of the building was painted, an area was designated for smoking. Looking forward to 2017, there will be replacement of a few unit windows, roof repairs, and Pneumatic compressor.

Below Market Rental Housing

Recognizing the growing need for affordable rental housing, the Authority owns:

Caesar Square Apartments: a 108-unit apartment building in Wheat Ridge, Colorado. Caesar Square Apartments finished the year with a profit of \$286,301 and had a net position of \$1,850,538 at December 31, 2016. The occupancy rate for 2016 was 94%. Plans for 2017 include siding and painting for three buildings, three water heater replacements, partial completion of reconditioned basement apartment, and carpet replacement for two building hallways.

Mountain View Apartments: a 15-unit building in Golden, Colorado finished the year with 100.0% occupancy. At December 31, 2016, Mountain View Apartments had a loss of (\$22,539), and a net position of \$153,749. Plans for 2017 include exterior painting of stucco, replace main sewer line, and trimming trees.

Kendall Apartments: a 21-unit apartment building in Wheat Ridge, Colorado finished the year with 99% occupancy. Planned improvements in 2017 are to re-sod the south side of property where there is no grass. Kendall Apartments finished the year with a profit of \$35,071 and has a net position of \$1,241,094.

Viking Square Apartments: a 55-unit apartment building in Arvada, Colorado had an occupancy rate of 97%. Planned improvements for 2017 include the completion of asphalt speed bumps. Viking Square ended 2016 with a total net position of \$476,388 after a gain of \$133,998 for the year.

Aspen Ridge: a 105-unit apartment building in Arvada, Colorado finished the year with an occupancy rate of 99%. Plans for 2017 improvements are to redo a portion of the asphalt overlay, replace awnings, and paint the clubhouse. Aspen Ridge finished the year with a profit of \$246,834 and had a net position of \$1,797,996 at 2016 year-end.

Redwood Village: a 50-unit apartment building in Westminster, Colorado finished the year with 99.5% occupancy. For 2017, plans include the replacement of outdated playground equipment, seal coat and re-stripe parking areas, and 1 unit of cabinets. Redwood Village, at December 31, 2016, had a profit of \$68,741, and a net position of \$589,171.

Parkview Village: a 96-unit apartment complex in Arvada, Colorado was leased at 98.5% occupancy. In 2017, the plan is to re do the roof, and to replace the laundry room flooring. At the end of 2016, Parkview Village had a profit of \$172,942 and a net position of \$976,759.

The Authority's Program Analysis and Highlights (Continued)

Below Market Rental Housing (Continued)

Glendale Apartments: a 120-unit apartment building in Westminster, Colorado was occupied at 95.5%. Plans for 2017 include concrete work around the community garden, building entry doors, exterior storage shed, playground equipment, complex ground transportation and possible purchase of laundry equipment. Glendale Apartments finished the year with a loss of (\$21,159) and a net position of \$3,491,315 at year-end.

Harlan Street Apartments: a 6-unit apartment building in Lakewood, Colorado was occupied at 100.0%. In 2017, it will have a boiler replaced. Harlan Street Apartments finished the year with a profit of \$6,551 and a net position at year-end of (\$7,063).

Discretely Presented Component Units

Lewis Court Apartments, LLLP: Lewis Court, LLLP is a tax credit partnership which owns and operates a 50-unit low-income housing project in Golden, Colorado. Lewis Court, LLLP had a net position of \$8,065,714 at fiscal year-end 2016. There are plans in 2017 to replace the telephone entry system, elevator motor, replace one water heater, and two air conditioning units. Separately audited financial statements of Lewis Court, LLLP are available by contacting the Authority.

Hidden Lake Homes LLLP: Hidden Lake Homes LLLP is a tax credit partnership which is currently constructing a 72-unit affordable housing project in Westminster, Colorado. The housing project is expected to be completed in the summer of 2017.

Joint Venture

The Authority, in partnership with Metro West Housing Solutions, formally Lakewood Housing Authority owns Cedar Gardens/Cedar Avenue Apartments, a 72-unit complex in Lakewood, Colorado. Plans for 2017 for Cedar Gardens include the re-sodding of grass, overlay, seal and re-stripe of parking lot, garden shed.

The Authority's total 'Below Market Rental Housing' portfolio is 1,248 units of affordable housing for Jefferson County residents.

Requests for Information

The financial report is designed to provide a general overview of the Jefferson County Housing Authority'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 addressed to:

Jefferson County Housing Authority
Attn: Finance Department
7490 West 45th Avenue
Wheat Ridge, CO 8003

Jefferson County Housing Authority
Statement of Net Position
December 31, 2016

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,199,738	\$ 177,780
Restricted cash and cash equivalents	9,334,424	811,465
Investments	119,157	-
Accounts receivable		
Tenants	146,759	2,375
Other	133,266	-
Developer fees	700,000	-
Due from Jeffco Housing Corporation	1,451,441	-
Accrued interest receivable - short-term	1,417	-
Prepaid expenses	1,197	-
Notes receivable - short-term	520,115	-
Total Current Assets	<u>14,607,514</u>	<u>991,620</u>
Accrued Interest Receivable - Long-Term	<u>116,800</u>	<u>-</u>
Notes Receivable	<u>8,860,149</u>	<u>-</u>
Other Assets, Net of Accumulated Amortization	<u>11,712</u>	<u>37,133</u>
Equity Method Investments	<u>1,196,378</u>	<u>-</u>
Capital Assets		
Non-depreciable	5,417,606	10,897,900
Depreciable, net	20,109,226	8,973,129
Total Capital Assets	<u>25,526,832</u>	<u>19,871,029</u>
Total Assets	<u>\$ 50,319,385</u>	<u>\$ 20,899,782</u>

Jefferson County Housing Authority
Statement of Net Position
December 31, 2016

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 419,453	\$ 17,435
Accounts payable - construction	-	505,687
Developer fees payable	-	700,000
Accrued liabilities	2,375	43,744
Accrued compensated absences	129,581	-
Accrued interest payable - JCHA - short-term	-	1,417
Advanced revenues	1,047,734	-
Tenant security deposits payable	254,547	15,800
Due to Jeffco Housing Corporation	212,566	-
Notes and mortgages payable - current portion	1,426,289	10,571
Total Current Liabilities	<u>3,492,545</u>	<u>1,294,654</u>
Long-Term Liabilities		
Accrued compensated absences	211,928	-
Accrued interest payable - JCHA	-	116,800
Accrued interest payable - Jeffco Housing Corporation	-	281,416
Rehab payable	300,224	-
Notes and mortgages payable - net of current portion	17,261,264	7,456,358
Total Long-Term Liabilities	<u>17,773,416</u>	<u>7,854,574</u>
Total Liabilities	<u>21,265,961</u>	<u>9,149,228</u>
Net Position		
Net investment in capital assets	6,839,279	12,404,100
Restricted	156,012	-
Unrestricted	22,058,133	(653,546)
Total Net Position	<u>29,053,424</u>	<u>11,750,554</u>
Total Liabilities and Net Position	<u>\$ 50,319,385</u>	<u>\$ 20,899,782</u>

Jefferson County Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2016

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 1,982,155	\$ -
HAP income	11,098,393	-
Other grants	1,606,301	-
Rental income	5,931,804	415,963
Management fees	152,018	-
Developer fees	700,000	-
Other	697,572	7,183
Total operating revenues	<u>22,168,243</u>	<u>423,146</u>
Operating Expenses		
Housing assistance payments	11,307,811	-
Administrative salaries and benefits	1,396,159	40,787
Maintenance salaries and benefits	1,100,443	12,674
Regular and extraordinary maintenance	1,588,964	152,359
Other administrative	901,841	96,933
Depreciation and amortization	1,078,427	278,854
Utilities	685,538	56,939
Insurance	234,926	17,686
Other expenses	83,164	544
Total operating expenses	<u>18,377,273</u>	<u>656,776</u>
Operating Income (Loss)	<u>3,790,970</u>	<u>(233,630)</u>
Non-Operating Revenues (Expenses)		
Interest income	45,633	366
Net income from joint ventures	50,411	-
Loss on disposal of capital assets	(24,673)	-
Interest expense	(691,374)	(114,717)
Total Non-Operating Expenses	<u>(620,003)</u>	<u>(114,351)</u>
Change in Net Position	<u>3,170,967</u>	<u>(347,981)</u>
Net Position, Beginning of Year	<u>25,882,457</u>	<u>8,413,695</u>
Equity Contributions	<u>-</u>	<u>3,684,840</u>
Net Position, End of Year	<u>\$ 29,053,424</u>	<u>\$ 11,750,554</u>

Jefferson County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2016

	Primary Government	Discretely Presented Component Units
Operating Activities		
HUD PHA grants	\$ 3,028,194	\$ -
HAP income	11,098,393	-
Other grants	1,606,301	-
Receipts from tenants	5,962,516	419,016
Management fee income	211,305	-
Other income	745,346	7,183
Housing assistance payments	(11,307,811)	-
Payments to employees	(2,501,435)	(53,461)
Payments to suppliers	(3,493,429)	(321,536)
Net Cash from Operating Activities	<u>5,349,380</u>	<u>51,202</u>
Capital and Related Financing Activities		
Purchase of investments	(259)	-
Principal payments on long-term debt	(1,454,650)	(9,760)
Equity in discretely presented component unit	(700,000)	-
Proceeds from long-term debt borrowings	-	1,466,434
Interest paid on long-term debt	(691,374)	(149,515)
Acquisition of capital assets	(214,622)	(8,590,988)
Proceeds from construction loan payable	-	3,457,654
Partner contributions	-	3,684,840
Proceeds from sale of capital assets	363,970	-
Net Cash used for Capital and Related Financing Activities	<u>(2,696,935)</u>	<u>(141,335)</u>
Investing Activities		
Issuance of notes receivable	(1,646,253)	-
Payments received on notes receivable	1,028,966	-
Interest income	132,387	366
Net Cash from (used for) Investing Activities	<u>(484,900)</u>	<u>366</u>
Net Change in Cash and Cash Equivalents	2,167,545	(89,767)
Cash and Cash Equivalents, Beginning of Year	<u>9,366,617</u>	<u>1,079,012</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,534,162</u>	<u>\$ 989,245</u>

Jefferson County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2016

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Reconciliation of Cash and Cash Equivalents		
Cash	\$ 2,199,738	\$ 177,780
Restricted Cash	<u>9,334,424</u>	<u>811,465</u>
 Total Cash and Cash Equivalents	 <u>\$ 11,534,162</u>	 <u>\$ 989,245</u>
 Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	\$ 3,790,970	\$ (233,630)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	1,078,427	278,854
Changes in assets and liabilities		-
(Increase) decrease in receivables	(589,710)	1,703
(Increase) decrease in prepaid expenses	1,203	-
Increase (decrease) in accounts payable	(43,911)	1,500
Increase (decrease) in accrued expenses	(6,536)	1,425
Increase (decrease) in advanced revenues	1,045,212	-
Increase (decrease) in due to Jeffco Corporation	45,415	-
Increase (decrease) in security deposits payable	<u>28,310</u>	<u>1,350</u>
 Net Cash From Operating Activities	 <u>\$ 5,349,380</u>	 <u>\$ 51,202</u>
 Supplemental Schedule of Noncash Capital and Related Financing Activities		
Cash paid for capital assets included in accounts payable in prior year	<u>\$ -</u>	<u>\$ 4,180</u>
 Increase in capital asset costs due to accounts payable - construction	 <u>\$ -</u>	 <u>\$ 505,687</u>
 Increase in capital asset costs due to developer fee payable	 <u>\$ -</u>	 <u>\$ 700,000</u>

Jefferson County Housing Authority
Combining Statement of Net Position – Component Units
December 31, 2016

	Lewis Court Apartments, LLP	Hidden Lake Homes LLP	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 155,660	\$ 22,120	\$ 177,780
Restricted cash and cash equivalents	811,465	-	811,465
Accounts receivable Tenants	2,375	-	2,375
Total Current Assets	969,500	22,120	991,620
Other Assets, net of accumulated amortization	37,133	-	37,133
Capital Assets			
Non-depreciable	1,105,405	9,792,495	10,897,900
Depreciable, net	8,973,129	-	8,973,129
Total Capital Assets	10,078,534	9,792,495	19,871,029
Total Assets	\$ 11,085,167	\$ 9,814,615	\$ 20,899,782

Jefferson County Housing Authority
Combining Statement of Net Position – Component Units
December 31, 2016

	Lewis Court Apartments, LLLP	Hidden Lake Homes LLLP	Total
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 17,435	\$ -	\$ 17,435
Accounts payable - construction	-	505,687	505,687
Developer fee payable	-	700,000	700,000
Accrued liabilities	43,744	-	43,744
Accrued interest payable - JCHA - short-term	1,417	-	1,417
Tenant security deposits payable	15,800	-	15,800
Notes, mortgages and bonds payable - current portion	10,571	-	10,571
Total Current Liabilities	88,967	1,205,687	1,294,654
Long-Term Liabilities			
Accrued interest payable - JCHA	116,800	-	116,800
Accrued interest payable - Jeffco Housing Corporation	281,416	-	281,416
Notes, mortgages and bonds payable - net of current portion	2,532,270	4,924,088	7,456,358
Total Long-Term Liabilities	2,930,486	4,924,088	7,854,574
Total Liabilities	3,019,453	6,129,775	9,149,228
Net Position			
Net investment in capital assets	7,535,693	4,868,407	12,404,100
Restricted	-	-	-
Unrestricted	530,021	(1,183,567)	(653,546)
Total Net Position	8,065,714	3,684,840	11,750,554
Total Liabilities and Net Position	\$ 11,085,167	\$ 9,814,615	\$ 20,899,782

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units
Year Ended December 31, 2016

	Lewis Court Apartments, LLLP	Hidden Lake Homes LLLP	Total
Operating Revenues			
Rental income	\$ 415,963	\$ -	\$ 415,963
Other	7,183	-	7,183
Total operating revenues	<u>423,146</u>	<u>-</u>	<u>423,146</u>
Operating Expenses			
Administrative salaries and benefits	40,787	-	40,787
Maintenance salaries and benefits	12,674	-	12,674
Regular and extraordinary maintenance	152,359	-	152,359
Other administrative	96,933	-	96,933
Depreciation and amortization	278,854	-	278,854
Utilities	56,939	-	56,939
Insurance	17,686	-	17,686
Other expenses	544	-	544
Total operating expenses	<u>656,776</u>	<u>-</u>	<u>656,776</u>
Operating Income (Loss)	<u>(233,630)</u>	<u>-</u>	<u>(233,630)</u>
Non-Operating Revenues (Expenses)			
Interest income	366	-	366
Interest expense	(114,717)	-	(114,717)
Total Non-Operating Revenues (Expenses)	<u>(114,351)</u>	<u>-</u>	<u>(114,351)</u>
Change in Net Position	(347,981)	-	(347,981)
Net Position, Beginning of Year	8,413,695	-	8,413,695
Equity Contributions	<u>-</u>	<u>3,684,840</u>	<u>3,684,840</u>
Net Position, End of Year	<u>\$ 8,065,714</u>	<u>\$ 3,684,840</u>	<u>\$ 11,750,554</u>

Note 1 - Nature of Operations and Significant Accounting Policies

General

The Jefferson County Housing Authority (the Authority) is a corporate body politic created in 1975 and uses available federal, state and local resources to serve the residents of Jefferson County, Colorado, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 830 units of affordable housing in Jefferson County and administers 16,496 housing choice vouchers including 50 VASH vouchers.

The Authority is governed by a five-member Board of Commissioners.

Reporting Entity

The Authority's financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separated (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization's board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority

The Authority is associated with the Cedar Avenue/Cedar Gardens Apartments as a joint venture with Metro West Housing Solutions (see Note 5 for details).

Blended Component Units

Lewis Court LLC (LCLLC) and Hidden Lake Homes GP LLC (HLLLC) are entities created by the Authority to facilitate the financing of construction for Lewis Court Apartments LLLP (Lewis Court) and Hidden Lake Homes LLLP (Hidden Lake). The sole member of LCLLC and HLLLC is the Authority which is able to impose its will on the organizations. LCLLC and HLLLC have no employees and all functions are provided by employees of the Authority. LCLLC and HLLLC are fiscally dependent upon the Authority because the Authority approves the annual budgets, the Authority can significantly influence the projects, and LCLLC and HLLLC provide services entirely to the Authority. Accordingly, LCLLC and HLLLC are included in the financial reporting entity of the Authority as blended component units.

Discretely Presented Component Units

The component unit column of the financial statements includes the financial data of the Authority's discretely presented component units as of December 31, 2016. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

Lewis Court Apartments LLLP (Lewis Court) was formed for the purpose of owning and operating a 50-unit low-income housing project in Golden, Colorado. Lewis Court is a tax credit partnership which borrowed proceeds of the Authority's NSP redevelopment grant. The general partner of Lewis Court, Lewis Court LLC, is wholly owned by the Authority. Lewis Court LLC has an ownership percentage of .01%.

Hidden Lake Homes LLLP (Hidden Lake) was formed for the purpose of owning and operating a 72-unit affordable housing project in Westminster, Colorado. Hidden Lake is a tax credit partnership which borrowed proceeds of the Authority's HOME and CDBG grants. The general partner of Hidden Lake, Hidden Lake Homes GP LLC, is wholly owned by the Authority. Hidden Lake Homes GP LLC has an ownership percentage of .01%.

The financial activity of the discretely presented component units are presented in the Authority's basic financial statements. Complete financial statements of the individual component units have been issued separately and can be obtained by contacting the Authority at 303-422-8600.

Basis of Accounting and Measurement Focus

The Department of Housing and Urban Development Real Estate Assessment Center (REAC) assesses the financial condition of Public Housing Authorities (PHAs). To uniformly and consistently assess the PHAs, REAC requires that PHA's financial statements conform to Generally Accepted Accounting Principles (GAAP).

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into invested in capital assets, restricted and unrestricted components. The statements of revenues, expenses and changes in net position present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statements of cash flows present the cash flows for operating activities, investing activities, capital and related financing activities and non-capital financing activities.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Authority considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Federal statutes authorize investment of excess federal funds in instruments issued by, or guaranteed by, the Federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. Investments are carried at fair value based on the recent market quotations.

Accounts Receivable

Revenues are recorded when earned and are reported as accounts receivable until collected. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future. Receivables are reported net of the related allowance.

Capital Assets

Land, buildings and improvements, and equipment are recorded at cost, including indirect development costs. The Authority uses a capitalization threshold of \$500. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Depreciation is computed using the straight line method over the estimated useful lives of the assets as follows:

Buildings and improvements	30-40 years
Furniture and equipment	5-10 years

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2016.

Fraud Recovery

HUD requires the Authority to account for monies recovered from tenants who committed fraud or misrepresentation in the application process for rent calculations and now owe additional rent for prior periods or retroactive rent as fraud recovery. The monies recovered are shared by HUD and the local authority.

Operating Revenues and Expenses

The Authority considers all revenues and expenses (including HUD intergovernmental revenues and expenses) as operating items with the exception of interest expense, interest revenue, net income/loss from joint ventures, and gain/loss on disposal of capital assets which are considered non-operating for financial reporting purposes.

Restricted and Unrestricted Resources

When both restricted and unrestricted net position is available, the Authority applies restricted resources first.

Compensated Absences

The Authority provides paid leave for its regular full-time employees for vacations, holidays, illness and certain other qualifying absences. Employees are limited to a maximum of one calendar year's accrual. Personal leave may be accrued up to a maximum of 960 hours. These compensated absences are recognized as salary costs in the financial statements when earned. Compensated absences which have been earned but not paid as of year-end have been accrued in the accompanying financial statements. Any accrued compensated absence amounts are paid out to employees upon termination of employment.

The amount of accrued compensated absences at December 31, 2016, was \$341,509 for the Authority and \$0 for the discretely presented component units.

Advanced Revenues

As of December 31, 2016, the Authority's advanced revenue consisted of prepaid rent from tenants of \$1,695 and funds received in advance from HUD from the Housing Choice Voucher program of \$1,046,039.

Components of Net Position

Components of net position include the following:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the statement of net position that are subject to restraints on their use by HUD.
- Unrestricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the statement of net position that are not subject to restraints on their use.

Business and Credit Risk

The Authority provides housing on account to clients which are located in Jefferson County, Colorado.

Budgetary

The Authority's annual budgets are the annual contracts, which are with, and approved by, HUD. No budget to actual statements are presented in this report, as housing authorities are not legally required to adopt a budget under the Local Government Budget Law of Colorado.

Accounting Estimates

The preparation of financial statement 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Primary Government

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The general depository agreement required by the annual contract with HUD has additional requirements, which the Authority met in 2016.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. As of December 31, 2016, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2016, the Authority's carrying amount of deposits was \$11,534,162 and bank balances totaled \$11,751,607. Of the bank balances, \$500,000 was covered by Federal Depository Insurance and the remaining balance of \$11,251,607 was covered under the Public Deposit Protection Act and was not exposed to custodial credit risk.

Investments

Authorized Investments

The Authority's investment policy follows the general provisions of the Colorado Revised Statutes (C.R.S. 24-75-601) and HUD regulations, whichever is more restrictive.

The Colorado Revised Statutes limit investment maturities to three years or five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain reverse repurchase agreements
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2016, investments held by the Authority are held in a certificate of deposit totaling \$119,157 with a maturity date in excess of one year. This certificate of deposit is classified as an investment on the statement of net position and is valued at amortized cost plus accrued interest.

Note 3 - Restricted Cash

Primary Government

Restricted cash consists of cash and cash equivalents balances restricted for use in the Housing Choice Voucher program; held in escrow to comply with the requirements of HUD programs and the Community Development Financial Institutions program; held to comply with bond requirements; held for tenant security deposits; and held in connection with the sale of public housing.

Discretely Presented Component Units

Restricted cash consists of cash and cash equivalents balances held for tenant security deposits and held in escrow to comply with partnership requirements.

Note 4 - Notes Receivable

In certain instances, the Authority has entered into loan agreements to assist affiliated organizations in financing housing projects. The loans are secured by the property and/or rents of the projects. Terms of the agreements for the receivables and related liabilities were designed to have no net effect on the finances of the Authority. Loan payments on the corresponding notes payable for Jeffco Housing Corporation are made directly to the respective financial institutions by Jeffco Housing Corporation.

Primary Government

Notes Receivable - Jeffco Housing Corporation:

5.00% note receivable, due in monthly installments of \$10,314, including interest, with a maturity date of October 2031, secured by a deed of trust on the Allison Village property	\$ 1,284,163
3.75% note receivable, due in monthly installments of \$3,609, including interest, with a maturity date of June 2017, interest rate may change to variable rate as described in the note agreement, secured by a deed of trust on the Wheat Ridge Park property	21,600
5.60% note receivable, due in monthly installments of \$2,713, including interest, with a maturity date of July 2021, secured by a deed of trust on the West 46th property	127,872
5.41% note receivable, due in monthly installments of \$1,925, including interest, with a maturity date of July 2018, secured by a deed of trust on the West 40th property	35,742
5.48% note receivable, due in monthly installments of \$9,067, including interest, with a maturity date of July 2018, secured by a deed of trust on the Orchard Valley property	164,953

4.60% note receivable, due in monthly installments of \$11,873, including interest, with a maturity date of November 2023, secured by a deed of trust on the Arvada Cottages property	835,368
4.80% note receivable, due in monthly installments of \$10,838, including interest, with a maturity date of June 2019, secured by a deed of trust on the Hilltop Apartments property	301,904
5.25% note receivable, due in monthly installments of \$9,766, including interest, with a maturity date of August 2029, secured by a deed of trust on the Parkview West property	1,078,996
Non-interest-bearing note receivable, no monthly payments due if all loan covenants are met, loan may be forgiven by the Authority at a future date, secured by a deed of trust on the Orchard Valley property	67,331
	3,917,929

Notes Receivable - Hidden Lake Homes LLLP:

3.00% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2046, secured by a deed of trust on the Hidden Lake property	900,000
3.00% note receivable, loan may be drawn to a maximum of \$600,000, due in annual installments to the extent of available cash flow, with a maturity date of December 2046, secured by a deed of trust on the Hidden Lake property	566,434
	1,466,434

Notes Receivable - Lewis Court Apartments LLLP:

8.00% note receivable, due in monthly installments of \$2,201, including interest, with a maturity date of August 2043, secured by a deed of trust on the Lewis Court property	202,841
4.19% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2042, secured by a deed of trust on the Lewis Court property	1,100,000
	1,302,841

Notes Receivable - Other

Rehab Program notes receivable - see (A) and (B) below	\$ 2,728,677
Less allowance for uncollectible notes receivable	<u>(35,617)</u>
	<u>2,693,060</u>
Total Notes Receivable, net of allowance for uncollectible notes receivable	9,380,264
Less current portion of notes receivable	<u>(520,115)</u>
Total notes receivable, net of current portion	<u><u>\$ 8,860,149</u></u>

(A) – The Authority has made loans with CDBG and HOME funds to homeowners through its Rehab Program. At December 31, 2016, the balance of notes receivable with deferred payments totaled \$2,415,793, and the balance of notes receivable with payments currently due bearing interest at rates ranging from 0% to 5%, totaled \$312,884. Due to the nature of the loans and because the Authority’s security interest is considered low priority, management has established an allowance for doubtful accounts of \$35,617 at December 31, 2016. This allowance is re-evaluated and adjusted on an annual basis.

(B) – The Authority is required to return funds previously advanced by Jefferson County for use in the Rehab Program, therefore, a related payable in the amount of \$300,224 is included as a long-term liability at December 31, 2016. This balance will be repaid as the underlying notes receivable are paid in full either through pay down of the notes by the note holders or sale of the underlying properties.

Note 5 - Equity Method Investments

At December 31, 2016, the Authority’s equity method investments consisted of the following:

<u>Discretely Presented Component Units:</u>	
Lewis Court Apartments LLLP	\$ -
Hidden Lake Homes LLLP	<u>700,000</u>
	700,000
<u>Other:</u>	
Cedars Joint Venture - see (A) below	<u>496,378</u>
	<u><u>\$ 1,196,378</u></u>

(A) The Authority has entered into a joint venture with Metro West Housing Solutions to purchase and rehabilitate two multifamily housing projects, Cedar Gardens Apartments and Cedar Avenue Apartments. Each partner’s investment share is an equal 50/50 split. Profits and losses from the projects’ operations are divided equally between the partners. HOME funds received by the Authority were used for the acquisition and rehabilitation of the projects and the projects are subject to the various regulations and restrictions of the HOME program. During 2016, the Authority experienced a gain of approximately \$39,500 from the joint venture.

Note 6 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2016:

Primary Government

	Balance January 1	Additions	Disposals	Balance December 31
Nondepreciable assets				
Land	\$ 5,289,695	\$ -	\$ -	\$ 5,289,695
Construction in progress	471,357	-	(343,446)	127,911
Total capital assets not being depreciated	<u>5,761,052</u>	<u>-</u>	<u>(343,446)</u>	<u>5,417,606</u>
Depreciable assets				
Buildings and improvements	30,754,944	83,927	-	30,838,871
Equipment and furniture	3,817,954	130,695	(152,059)	3,796,590
Total buildings and improvements	<u>34,572,898</u>	<u>214,622</u>	<u>(152,059)</u>	<u>34,635,461</u>
Accumulated depreciation	<u>(13,554,670)</u>	<u>(1,078,427)</u>	<u>106,862</u>	<u>(14,526,235)</u>
Total capital assets being depreciated	<u>21,018,228</u>	<u>(863,805)</u>	<u>(45,197)</u>	<u>20,109,226</u>
Total capital assets, net	<u>\$ 26,779,280</u>	<u>\$ (863,805)</u>	<u>\$ (388,643)</u>	<u>\$ 25,526,832</u>

Discretely Presented Component Units

	Balance January 1	Additions	Disposals	Balance December 31
Nondepreciable assets				
Land	\$ 1,105,405	\$ 1,730,000	\$ -	\$ 2,835,405
Construction in progress	-	8,062,495	-	8,062,495
Total capital assets not being depreciated	<u>1,105,405</u>	<u>9,792,495</u>	<u>-</u>	<u>10,897,900</u>
Depreciable assets				
Buildings and improvements	9,978,253	-	-	9,978,253
Equipment	245,793	-	-	245,793
Total buildings and improvements	<u>10,224,046</u>	<u>-</u>	<u>-</u>	<u>10,224,046</u>
Accumulated depreciation	<u>(975,554)</u>	<u>(275,363)</u>	<u>-</u>	<u>(1,250,917)</u>
Total capital assets being depreciated	<u>9,248,492</u>	<u>(275,363)</u>	<u>-</u>	<u>8,973,129</u>
Total capital assets, net	<u>\$ 10,353,897</u>	<u>\$ 9,517,132</u>	<u>\$ -</u>	<u>\$ 19,871,029</u>

Note 7 - Long-Term Debt

During the year ended December 31, 2016, the following changes occurred in long-term debt:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 20,142,202	\$ -	\$ (1,454,649)	\$ 18,687,553	\$ 1,426,289

Discretely Presented Component Units

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ 2,552,601	\$ 4,924,088	\$ (9,760)	\$ 7,466,929	\$ 10,571

Long-term debt as of December 31, 2016, consists of the following:

Primary Government

5.00% note payable, due in monthly installments of \$10,314, including interest, with a maturity date of October 2031, secured by a deed of trust on the Allison Village property	\$ 1,284,163
3.75% note payable, due in monthly installments of \$3,609, including interest, with a maturity date of June 2017, interest rate may change to variable rate as described in the note agreement, secured by a deed of trust on the Wheat Ridge Park property	21,600
5.60% note payable, due in monthly installments of \$2,713, including interest, with a maturity date of July 2021, secured by a deed of trust on the West 46th property	127,872
5.41% note payable, due in monthly installments of \$1,925, including interest, with a maturity date of July 2018, secured by a deed of trust on the West 40th property	35,742
5.48% note payable, due in monthly installments of \$9,067, including interest, with a maturity date of July 2018, secured by a deed of trust on the Orchard Valley property	164,953
4.60% note payable, due in monthly installments of \$11,873, including interest, with a maturity date of November 2023, secured by a deed of trust on the Arvada Cottages property	835,368

4.80% note payable, due in monthly installments of \$10,838, including interest, with a maturity date of June 2019, secured by a deed of trust on the Hilltop Apartments property	\$ 301,904
5.25% note payable, due in monthly installments of \$9,766, including interest, with a maturity date of August 2029, secured by a deed of trust on the Parkview West property	1,078,996
Non interest bearing note payable, entire principal balance to be forgiven October 27, 2020 if all low income requirements have been met through maturity, secured by a deed of trust on the Cedars property (Note 14)	280,000
5.13% note payable, due in monthly installments of \$4,820, including interest, with a maturity date of December 2021, secured by a deed of trust on the Mountain View property	257,692
4.75% note payable, due in monthly installments of \$20,117, including interest, with a maturity date of October 2027, secured by a deed of trust on the Aspen Ridge property	3,159,252
4.75% note payable, due in monthly installments of \$7,373, including interest, with a maturity date of October 2027, secured by a deed of trust on the Redwood Village property	1,157,842
3.65% note payable, due in monthly interest-only installments of \$8,517, with a maturity date of November 2021, by a deed of trust on the Viking Square property	2,800,000
3.85% note payable, due in monthly installments of \$2,285, including interest, with a maturity date of September 2035, secured by a deed of trust on the Harlan Street property	366,131
4.50% mortgage note payable, due in monthly installments of \$20,518, including interest, with a maturity date of February 2032, secured by a deed of trust on the Glendale property and a security interest in all deposit accounts at the financing bank and its subsidiaries	2,684,429
3.75% note payable, due in monthly installments of \$21,902, including interest, with a maturity date of August 2017, secured by a deed of trust on the Caesar's Square property	173,808
5.25% note payable, due in monthly installments of \$20,346, including interest, with a maturity date of October 2029, by a deed of trust on the Parkview Village property	2,272,348
Non interest bearing note payable, principal due concurrently with the primary Parkview Village note payable in October 2029, secured by a deed of trust on the Parkview Village property	160,618

4.89% note payable, due in monthly installments of \$14,149, including interest, with a maturity date of August 2022, secured by a deed of trust on the Canyon Gate property	\$ 851,090
5.38% note payable, due in monthly installments of \$15,775, including interest, with a maturity date of December 2020, secured by a deed of trust on the Green Ridge Meadows property	<u>673,745</u>
Total Notes and Mortgages Payable	<u><u>\$ 18,687,553</u></u>

Discretely Presented Component Units

Notes Payable

Variable rate construction loan payable - see (A) below	\$ 3,457,654
8.00%, note payable to Jefferson County Housing Authority, due in monthly installments of \$2,201, including interest, matures August 2043, secured by a deed of trust on the Lewis Court property	202,841
4.19%, note payable to Jefferson County Housing Authority, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust on the Lewis Court property	1,100,000
4.19%, note payable to Jeffco Housing Corporation, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust on the Lewis Court property	1,240,000
3.00%, note payable to Jefferson County Housing Authority, loan may be drawn to a maximum of \$600,000, due in annual installments to the extent of available cash flow, matures December 2046, secured by a deed of trust on the Hidden Lake property	566,434
3.00%, note payable to Jefferson County Housing Authority under the CDBG program, due in annual installments to the extent of available cash flow, matures December 2046, secured by a deed of trust on the Hidden Lake property	<u>900,000</u>
Total notes payable	<u><u>\$ 7,466,929</u></u>

(A) – Hidden Lake financed the construction of the project in part with a construction loan from Wells Fargo Bank, National Association. The effective interest rate on the construction loan is calculated monthly based on the One-Month LIBO Rate (2.24% at December 31, 2016). Monthly payments of interest are being made through July 8, 2018, the initial maturity date. The note is secured by a first deed of trust, security agreement, and an assignment of rents. Conversion of the debt is expected in 2018. Funds may be drawn on the construction note to a maximum amount of \$13,500,000. As of December 31, 2016, the balance of the construction note payable was \$3,457,654.

The estimated debt requirements to maturity are as follows:

Primary Government

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,426,289	\$ 816,516	\$ 2,242,805
2018	1,239,479	751,325	1,990,804
2019	1,151,251	691,845	1,843,096
2020	1,409,261	637,501	2,046,762
2021	3,779,489	600,323	4,379,812
2022-2026	3,834,946	1,949,909	5,784,855
2027-2031	5,240,346	563,552	5,803,898
2032-2036	606,492	1,033	607,525
Total	<u>\$ 18,687,553</u>	<u>\$ 6,012,004</u>	<u>\$ 24,699,557</u>

Discretely Presented Component Units

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 10,571	\$ 15,846	\$ 26,417
2018	3,469,102	14,968	3,484,070
2019	12,398	14,018	26,416
2020	13,427	12,989	26,416
2021	14,542	11,874	26,416
2022-2026	92,946	39,133	132,079
2027-2031	47,509	3,958	51,467
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	3,806,434	4,411,926	8,218,360
Total	<u>\$ 7,466,929</u>	<u>\$ 4,524,712</u>	<u>\$ 11,991,641</u>

Note 8 - Compensated Absences

A summary of the activity in the Authority's compensated absences for the year ended December 31, 2016, is as follows:

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 346,342</u>	<u>\$ 6,752</u>	<u>\$ (11,585)</u>	<u>\$ 341,509</u>	<u>\$ 129,581</u>

Note 9 - Restricted Net Position

As of December 31, 2016, restricted net position consisted of \$156,012 in housing choice vouchers received but not yet paid to eligible individuals.

Note 10 - Annual Contributions Contract

The Authority has an annual contributions contract for housing choice vouchers and adjustments vary based on requirements. The maximum contract was \$10,343,890 for the year ended December 31, 2016.

Note 11 - Employee Retirement Plan

The Authority provides eligible employees with a defined contribution employee retirement plan (401(a)). The plan and the contributions to it are authorized by the Authority’s Board of Commissioners. This is a mandatory plan under which the employee can make a 6%, 7%, or 8% contribution. 6% is the minimum contribution required. The Authority will match up to 8% of the employees’ contribution. Contributions are made to and maintained by the plan administrator, Colorado County Officials and Employees Retirement Association.

In 2016, the Authority paid \$115,712 as a matching contribution.

Employees vest in the employer’s portion of the contribution at a rate of 20% each year as follows:

Years of participation	Vested Percentage
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Note 12 - Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. Employee contributions are made to and maintained by the plan administrator, Colorado County Officials and Employees Retirement Association, which maintains an individual account for each participant. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Authority is not the owner or trustee of these assets, the plan assets are not reported on the Authority’s financial statements. The Authority will match up to 4% of the employees’ contribution. The maximum amount that the Authority will match between the Employee Retirement Plan and the Deferred Compensation Plan is 10%.

Note 13 - Public Housing Restricted Fund

In September 2007, the Authority sold sixty-five units of Public Housing to Jeffco Housing Corporation (Corp). A note was accepted as payment for the units. As the Corp sold each unit, net proceeds were transferred to the Authority to be placed in a restricted bank account to be used with HUD's approval. The proceeds of the final sale were received in January 2016. The restricted bank account totals \$6,567,371 at December 31, 2016.

The Office of the Inspector General (OIG) issued a report dated September 30, 2013, on its review of the disposition of these public housing units. The OIG contended that the units were not sold in accordance with the terms and conditions of the disposition agreement or HUD regulations. The Authority responded to this report and the matter is still pending.

Note 14 - Related Party Transactions

Management Fees

The Authority has entered into a management agreement with Lewis Court to provide management services for the Lewis Court project. Under the agreement, the Authority is to be paid management fees totaling 5.75% of gross monthly collections. During 2016, Lewis Court incurred management fees of \$23,924 to the Authority. At December 31, 2016, Lewis Court owed \$1,951 to the Authority for accrued management fees.

In addition, the Authority is to receive a bookkeeping fee equal to \$4 per unit, per month. During 2016, Lewis Court incurred bookkeeping fees of \$2,400, to the Authority. At December 31, 2016, Lewis Court owed the Authority \$2,400, for these fees.

Reimbursement of Expenses

The Authority is periodically reimbursed for payroll and other related expenses of the Lewis Court project. During 2016, the Authority was reimbursed approximately \$53,300 from Lewis Court for these expenses.

Partnership and Developer Fees

Discretely Presented Component Units

Pursuant to the partnership agreement, Lewis Court, LLC is to receive an annual cumulative fee from Lewis Court equal to \$30,000, increasing by 3% each year, beginning in 2012. The fee is to be paid from available cash flow.

Accrued fees are not to exceed 12% of the effective gross income. During 2016, Lewis Court, LLC earned fees totaling \$33,765 from Lewis Court.

Hidden Lake has entered into a development agreement with the Authority in the amount of \$1,400,000. Under the terms of the agreement, the Authority is to provide services in connection with the development and construction of the project owned by Hidden Lake. During 2016, Hidden Lake incurred developer fees of \$700,000 which have been capitalized as part of building costs. At December 31, 2016, Hidden Lake owed developer fees of \$700,000 to the Authority.

Notes Payable

Primary Government

At December 31, 2016, the Authority owed \$280,000 on a non interest bearing note payable (Note 7) in connection with the Cedars joint venture (Note 5). This note is to be forgiven in 2020 if all income and compliance requirements have been met.

Discretely Presented Component Units

Lewis Court has entered into two note agreements with the Authority (Notes 4 and 7). During 2016, Lewis Court incurred interest of \$62,745 on these notes to the Authority. At December 31, 2016, Lewis Court owed the Authority principal of \$1,302,841 and accrued interest of \$118,217 on these notes.

Lewis Court has entered into a note agreement with Jeffco Housing Corporation (Jeffco), an affiliate of the general partner of Lewis Court Apartments LLLP (Note 7). During 2016, Lewis Court incurred interest of \$51,956 on this note to Jeffco. At December 31, 2016, Lewis Court owed Jeffco principal of \$1,240,000 and accrued interest of \$281,416 on this note.

Hidden Lake has entered into two note agreements with the Authority (Notes 4 and 7). At December 31, 2016, Lewis Court owed the Authority principal of \$1,466,434 on these notes.

Hidden Lake has entered into a third note agreement with the Authority to finance the acquisition and construction of the project. At December 31, 2016, no funds had been drawn on the loan. The loan will be non-interest-bearing and may be drawn to a total of \$328,672.

Jeffco Housing Corporation

Jeffco is a non-profit corporation created to obtain certain federal funds set aside for community housing development organizations. Jeffco has a Board of Directors that is separate from the Authority's board. Jeffco's board is responsible for the governance of Jeffco, and the Authority does not have any influence on this governance.

Jeffco does not have any employees, so the employees of the Authority handle the day-to-day operations of the Jeffco properties. The Authority has a management agreement with Jeffco for contracted services for its operations. Under the terms of the agreement, Jeffco contracts for salaries, benefits, maintenance, supplies, etc. For the year ended December 31, 2016, the Authority allocated approximately \$171,000 in salaries to Jeffco. During 2016, Jeffco properties incurred management fees of \$82,004 to the Authority. As of December 31, 2016, Jeffco owed the Authority \$130,001 for incurred but unpaid management fees.

At times throughout the current and prior years, the Authority will cover costs of operations for the Jeffco properties when a particular property's cash is insufficient to make the payment. As of December 31, 2016, the Authority was owed \$1,321,440 for these costs.

As of December 31, 2016, the Authority owed \$212,566 to Jeffco.

The Authority borrowed money from a financial institution and in turn loaned those proceeds to Jeffco (see Notes 4 and 7 for details). As of December 31, 2016, Jeffco owes the Authority \$3,850,598 under these arrangements. Payments on the related Notes Payable are made directly by Jeffco to the financial institution.

At December 31, 2016, one of Jeffco's properties, Orchard Valley, owed the Authority \$67,331 for a non-interest-bearing note. The Authority may forgive this loan at a future date.



Supplementary Information
December 31, 2016

Jefferson County Housing Authority

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	Public and Indian Housing 14.850	Green Ridge Meadows 14.182	Canyon Gate Apartments 14.182	Community Development Block Grants 14.218
Assets				
Cash and cash equivalents	\$ -	\$ 71,036	\$ 67,830	\$ -
Restricted cash and cash equivalents	6,567,371	77,218	335,574	-
Investments	-	119,157	-	-
Accounts receivable				
Tenants	-	2,943	605	-
Other	-	-	-	-
Developer fees	-	-	-	-
Due from Jeffco Corporation	-	-	-	-
Accrued interest receivable - short-term	-	-	-	-
Interprogram receivable	2,669,868	713,640	360,942	-
Prepaid expenses	-	-	-	-
Notes receivable, current portion	-	-	-	-
Total current assets	<u>9,237,239</u>	<u>983,994</u>	<u>764,951</u>	<u>-</u>
Accrued interest receivable - long-term	-	-	-	-
Other assets	-	-	-	-
Notes receivable, net	-	-	-	-
Equity method investments	-	-	-	-
Non-depreciable capital assets	-	186,047	148,087	-
Depreciable capital assets, net	-	345,691	69,185	-
	-	531,738	217,272	-
Total assets	<u>\$ 9,237,239</u>	<u>\$ 1,515,732</u>	<u>\$ 982,223</u>	<u>\$ -</u>
Liabilities and Net Position				
Liabilities				
Accounts payable	\$ -	\$ 21,496	\$ 10,993	\$ -
Interprogram payable	-	38,222	2,850	-
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Advanced revenues	-	-	-	-
Tenant security deposits payable	-	26,493	16,107	-
Due to Jeffco Corporation	-	-	-	-
Notes, mortgages and bonds payable - current	-	157,111	132,459	-
Total current liabilities	<u>-</u>	<u>243,322</u>	<u>162,409</u>	<u>-</u>
Noncurrent Liabilities				
Accrued compensated absences	-	-	-	-
Rehab payable	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	-	516,634	718,631	-
Total noncurrent liabilities	<u>-</u>	<u>516,634</u>	<u>718,631</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>759,956</u>	<u>881,040</u>	<u>-</u>
Net Position				
Net investment in capital assets	-	(142,007)	(633,818)	-
Restricted	-	-	-	-
Unrestricted	9,237,239	897,783	735,001	-
Total net position	<u>9,237,239</u>	<u>755,776</u>	<u>101,183</u>	<u>-</u>
Total liabilities and net position	<u>\$ 9,237,239</u>	<u>\$ 1,515,732</u>	<u>\$ 982,223</u>	<u>\$ -</u>

Jefferson County Housing Authority
Combining Statement of Net Position
December 31, 2016

Home Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Business Activities	Total	Elimination of Intercompany Activity	Total
\$ -	\$ -	\$ 2,060,872	\$ 2,199,738	\$ -	\$ 2,199,738
-	1,243,169	1,111,092	9,334,424	-	9,334,424
-	-	-	119,157	-	119,157
-	122,344	20,867	146,759	-	146,759
-	-	133,266	133,266	-	133,266
-	-	700,000	700,000	-	700,000
-	-	1,451,441	1,451,441	-	1,451,441
-	-	1,417	1,417	-	1,417
-	-	2,620,582	6,365,032	(6,365,032)	-
-	-	1,197	1,197	-	1,197
-	-	520,115	520,115	-	520,115
-	1,365,513	8,620,849	20,972,546	(6,365,032)	14,607,514
-	-	116,800	116,800	-	116,800
-	-	11,712	11,712	-	11,712
-	-	8,860,149	8,860,149	-	8,860,149
-	-	1,196,378	1,196,378	-	1,196,378
-	-	5,083,472	5,417,606	-	5,417,606
-	32,026	19,662,324	20,109,226	-	20,109,226
-	32,026	34,930,835	35,711,871	-	35,711,871
\$ -	\$ 1,397,539	\$ 43,551,684	\$ 56,684,417	\$ (6,365,032)	\$ 50,319,385
\$ -	\$ -	\$ 386,964	\$ 419,453	\$ -	\$ 419,453
-	16,028	6,307,932	6,365,032	(6,365,032)	-
-	-	2,375	2,375	-	2,375
-	-	129,581	129,581	-	129,581
-	1,046,039	1,695	1,047,734	-	1,047,734
-	-	211,947	254,547	-	254,547
-	-	212,566	212,566	-	212,566
-	-	1,136,719	1,426,289	-	1,426,289
-	1,062,067	8,389,779	9,857,577	(6,365,032)	3,492,545
-	-	211,928	211,928	-	211,928
-	-	300,224	300,224	-	300,224
-	-	16,025,999	17,261,264	-	17,261,264
-	-	16,538,151	17,773,416	-	17,773,416
-	1,062,067	24,927,930	27,630,993	(6,365,032)	21,265,961
-	32,026	7,583,078	6,839,279	-	6,839,279
-	156,012	-	156,012	-	156,012
-	147,434	11,040,676	22,058,133	-	22,058,133
-	335,472	18,623,754	29,053,424	-	29,053,424
\$ -	\$ 1,397,539	\$ 43,551,684	\$ 56,684,417	\$ (6,365,032)	\$ 50,319,385

	Public and Indian Housing 14.850	Green Ridge Meadows 14.182	Canyon Gate Apartments 14.182	Community Development Block Grants 14.218
Operating Revenues				
HUD PHA grants	\$ -	\$ 364,556	\$ 358,952	\$ -
HAP income	-	-	-	-
Other grants	-	-	-	31,494
Rental income	-	315,411	191,590	-
Management fees	-	-	-	-
Developer fees	-	-	-	-
Other	-	5,123	5,520	-
Total Operating Revenues	-	685,090	556,062	31,494
Operating Expenses				
Housing assistance payments	-	-	-	-
Administrative salaries and benefits	-	101,561	79,258	-
Maintenance salaries and benefits	-	32,613	21,000	-
Regular and extraordinary maintenance	-	200,621	177,033	31,494
Other administrative	-	82,503	55,604	-
Depreciation	-	97,954	20,366	-
Utilities	-	74,902	43,745	-
Insurance	-	20,359	14,072	-
Other	-	1,475	-	-
Total Operating Expenses	-	611,988	411,078	31,494
Operating Income	-	73,102	144,984	-
Non-Operating Revenues (Expenses)				
Interest income	6,518	347	417	-
Net income from joint ventures	-	-	-	-
Loss on disposal of capital assets	-	-	-	-
Interest expense	-	(38,777)	(53,521)	-
Total Non-Operating Revenues (Expenses)	6,518	(38,430)	(53,104)	-
Change in Net Position	6,518	34,672	91,880	-
Net Position, Beginning of Year	9,230,721	721,104	9,303	-
Net Position, End of Year	\$ 9,237,239	\$ 755,776	\$ 101,183	\$ -

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2016

Home Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Business Activities	Total	Elimination of Intercompany Activity	Total
\$ -	\$ 1,258,647	\$ -	\$ 1,982,155	\$ -	\$ 1,982,155
-	11,098,393	-	11,098,393	-	11,098,393
8,373	-	1,566,434	1,606,301	-	1,606,301
-	-	5,424,803	5,931,804	-	5,931,804
-	-	449,157	449,157	(297,139)	152,018
-	-	700,000	700,000	-	700,000
-	206	686,723	697,572	-	697,572
<u>8,373</u>	<u>12,357,246</u>	<u>8,827,117</u>	<u>22,465,382</u>	<u>(297,139)</u>	<u>22,168,243</u>
-	11,307,811	-	11,307,811	-	11,307,811
-	514,725	700,615	1,396,159	-	1,396,159
-	161,889	884,941	1,100,443	-	1,100,443
8,373	1,588	1,169,855	1,588,964	-	1,588,964
-	218,589	842,284	1,198,980	(297,139)	901,841
-	8,562	951,545	1,078,427	-	1,078,427
-	-	566,891	685,538	-	685,538
-	18,163	182,332	234,926	-	234,926
-	9,208	72,481	83,164	-	83,164
<u>8,373</u>	<u>12,240,535</u>	<u>5,370,944</u>	<u>18,674,412</u>	<u>(297,139)</u>	<u>18,377,273</u>
-	116,711	3,456,173	3,790,970	-	3,790,970
-	464	37,887	45,633	-	45,633
-	-	50,411	50,411	-	50,411
-	-	(24,673)	(24,673)	-	(24,673)
-	-	(599,076)	(691,374)	-	(691,374)
<u>-</u>	<u>464</u>	<u>(535,451)</u>	<u>(620,003)</u>	<u>-</u>	<u>(620,003)</u>
-	117,175	2,920,722	3,170,967	-	3,170,967
-	218,297	15,703,032	25,882,457	-	25,882,457
<u>\$ -</u>	<u>\$ 335,472</u>	<u>\$ 18,623,754</u>	<u>\$ 29,053,424</u>	<u>\$ -</u>	<u>\$ 29,053,424</u>

	General Fund	Mountain View	Aspen Ridge	Redwood Village	Viking Square Apartments
Assets					
Cash and cash equivalents	\$ 1,172,872	\$ 99,291	\$ 175,989	\$ 23,641	\$ 104,073
Restricted cash and cash equivalents	-	43,578	95,440	118,335	141,610
Accounts receivable					
Tenants	-	378	5,508	1,942	-
Other	121,472	-	-	-	-
Developer fee	700,000	-	-	-	-
Due from Jeffco Corporation	1,247,067	-	-	-	-
Accrued interest receivable - short-term	1,417	-	-	-	-
Interprogram receivable	2,085,929	-	399,713	22,778	91,672
Prepaid expenses	675	-	-	-	-
Notes receivable, current portion	520,115	-	-	-	-
Total current assets	5,849,547	143,247	676,650	166,696	337,355
Accrued interest receivable - long-term	116,800	-	-	-	-
Other assets	-	-	-	-	-
Notes receivable, net	6,167,088	-	-	-	-
Equity method investments	1,196,378	-	-	-	-
Non-depreciable capital assets	670,893	110,500	955,000	331,463	620,000
Depreciable capital assets, net	1,052,037	597,259	3,368,588	1,289,561	2,338,864
	9,203,196	707,759	4,323,588	1,621,024	2,958,864
Total assets	\$ 15,052,743	\$ 851,006	\$ 5,000,238	\$ 1,787,720	\$ 3,296,219
Liabilities and Net Position					
Liabilities					
Accounts payable	\$ 301,156	\$ -	\$ 9,269	\$ 7,355	\$ 2,930
Interprogram payable	4,279,103	435,161	4,715	16,757	2,251
Accrued liabilities	2,375	-	-	-	-
Accrued compensated absences-current	129,581	-	-	-	-
Advanced revenues	-	-	-	-	-
Tenant security deposits payable	-	4,404	29,006	16,595	14,650
Due to Jeffco Corporation	212,566	-	-	-	-
Notes, mortgages and bonds payable - current	520,115	45,549	94,059	34,472	-
Total current liabilities	5,444,896	485,114	137,049	75,179	19,831
Noncurrent Liabilities					
Accrued compensated absences	210,220	-	-	-	-
Rehab payable	-	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	3,610,483	212,143	3,065,193	1,123,370	2,800,000
Total noncurrent liabilities	3,820,703	212,143	3,065,193	1,123,370	2,800,000
Total liabilities	9,265,599	697,257	3,202,242	1,198,549	2,819,831
Net Position					
Net investment in capital assets	(2,407,668)	450,067	1,164,336	463,182	158,864
Unrestricted	8,194,812	(296,318)	633,660	125,989	317,524
Total net position	5,787,144	153,749	1,797,996	589,171	476,388
Total liabilities and net position	\$ 15,052,743	\$ 851,006	\$ 5,000,238	\$ 1,787,720	\$ 3,296,219

Jefferson County Housing Authority
Combining Statement of Net Position – Business Activities
December 31, 2016

Harlan Street Apartments	Kendall Apartments	Rehab	Glendale	Caesar's Square	Parkview	Total Business Activities
\$ 72,013	\$ 148,250	\$ -	\$ 45,932	\$ 35,948	\$ 182,863	\$ 2,060,872
3,800	45,643	245,259	99,204	119,408	198,815	1,111,092
5	-	-	10,744	165	2,125	20,867
-	-	-	-	6,514	5,280	133,266
-	-	-	-	-	-	700,000
-	-	-	-	-	204,374	1,451,441
-	-	-	-	-	-	1,417
-	-	-	-	-	20,490	2,620,582
-	-	-	-	-	522	1,197
-	-	-	-	-	-	520,115
<u>75,818</u>	<u>193,893</u>	<u>245,259</u>	<u>155,880</u>	<u>162,035</u>	<u>614,469</u>	<u>8,620,849</u>
-	-	-	-	-	-	116,800
-	-	-	11,712	-	-	11,712
-	-	2,693,061	-	-	-	8,860,149
-	-	-	-	-	-	1,196,378
118,750	268,369	-	1,200,000	344,596	463,901	5,083,472
349,466	805,019	509	5,026,540	2,064,605	2,769,876	19,662,324
<u>468,216</u>	<u>1,073,388</u>	<u>2,693,570</u>	<u>6,238,252</u>	<u>2,409,201</u>	<u>3,233,777</u>	<u>34,930,835</u>
<u>\$ 544,034</u>	<u>\$ 1,267,281</u>	<u>\$ 2,938,829</u>	<u>\$ 6,394,132</u>	<u>\$ 2,571,236</u>	<u>\$ 3,848,246</u>	<u>\$ 43,551,684</u>
\$ 565	\$ -	\$ 6,066	\$ 24,824	\$ 8,111	\$ 26,688	\$ 386,964
184,076	19,862	365,876	148,035	468,838	383,258	6,307,932
-	-	-	-	-	-	2,375
-	-	-	-	-	-	129,581
-	-	-	-	-	1,695	1,695
325	6,325	-	45,529	69,941	25,172	211,947
-	-	-	-	-	-	212,566
13,446	-	-	126,051	173,808	129,219	1,136,719
<u>198,412</u>	<u>26,187</u>	<u>371,942</u>	<u>344,439</u>	<u>720,698</u>	<u>566,032</u>	<u>8,389,779</u>
-	-	-	-	-	1,708	211,928
-	-	300,224	-	-	-	300,224
352,685	-	-	2,558,378	-	2,303,747	16,025,999
<u>352,685</u>	<u>-</u>	<u>300,224</u>	<u>2,558,378</u>	<u>-</u>	<u>2,305,455</u>	<u>16,538,151</u>
<u>551,097</u>	<u>26,187</u>	<u>672,166</u>	<u>2,902,817</u>	<u>720,698</u>	<u>2,871,487</u>	<u>24,927,930</u>
102,085	1,073,388	509	3,542,111	2,235,393	800,811	7,583,078
(109,148)	167,706	2,266,154	(50,796)	(384,855)	175,948	11,040,676
(7,063)	1,241,094	2,266,663	3,491,315	1,850,538	976,759	18,623,754
<u>\$ 544,034</u>	<u>\$ 1,267,281</u>	<u>\$ 2,938,829</u>	<u>\$ 6,394,132</u>	<u>\$ 2,571,236</u>	<u>\$ 3,848,246</u>	<u>\$ 43,551,684</u>

	General Fund	Mountain View	Aspen Ridge	Redwood Village	Viking Square Apartments
Operating Revenues					
Other grants	\$ 1,466,434	\$ -	\$ -	\$ -	\$ -
Rental income	-	104,548	1,120,073	409,048	536,585
Management fees	449,157	-	-	-	-
Developer fees	700,000	-	-	-	-
Other	94,569	2,104	24,353	13,916	10,465
Total Operating Revenues	2,710,160	106,652	1,144,426	422,964	547,050
Operating Expenses					
Administrative salaries and benefits	253,936	13	93,893	45,308	6,492
Maintenance salaries and benefits	104,183	3,889	115,403	73,628	48,047
Regular and extraordinary maintenance	87,473	51,479	173,009	37,232	78,294
Other administrative	161,027	8,312	78,864	32,620	34,459
Depreciation	46,105	28,334	146,399	59,469	88,747
Utilities	10,092	6,146	86,286	29,971	34,013
Insurance	17,615	14,786	28,331	14,432	13,213
Other	-	1,099	16,523	5,543	7,110
Total Operating Expenses	680,431	114,058	738,708	298,203	310,375
Operating Income (Loss)	2,029,729	(7,406)	405,718	124,761	236,675
Non-Operating Revenues (Expenses)					
Interest income	16,741	10	117	55	37
Net income from joint ventures	50,411	-	-	-	-
Loss on disposal of capital assets	(598)	(1,303)	(7,842)	(677)	(514)
Interest expense	-	(13,840)	(151,159)	(55,398)	(102,200)
Total Non-Operating Revenues (Expenses)	66,554	(15,133)	(158,884)	(56,020)	(102,677)
Change in Net Position	2,096,283	(22,539)	246,834	68,741	133,998
Net Position - Beginning of Year	3,690,861	176,288	1,551,162	520,430	342,390
Net Position - End of Year	\$ 5,787,144	\$ 153,749	\$ 1,797,996	\$ 589,171	\$ 476,388

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position – Business Activities
Year Ended December 31, 2016

Harlan Street Apartments	Kendall Apartments	Rehab	Glendale	Caesar's Square	Parkview	Total Business Activities
\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 1,566,434
53,251	155,581	-	1,126,530	981,988	937,199	5,424,803
-	-	-	-	-	-	449,157
-	-	-	-	-	-	700,000
154	4,204	398,604	49,914	35,327	53,113	686,723
53,405	159,785	498,604	1,176,444	1,017,315	990,312	8,827,117
-	5,134	111,240	65,538	58,697	60,364	700,615
309	7,123	242,604	99,078	84,925	105,752	884,941
14,583	35,516	33,681	292,536	241,520	124,532	1,169,855
2,996	11,054	209,481	92,252	78,287	132,932	842,284
9,872	48,846	464	231,414	135,449	156,446	951,545
2,681	10,206	-	224,442	82,863	80,191	566,891
1,886	4,991	3,892	30,518	28,533	24,135	182,332
-	1,061	-	29,694	4,964	6,487	72,481
32,327	123,931	601,362	1,065,472	715,238	690,839	5,370,944
21,078	35,854	(102,758)	110,972	302,077	299,473	3,456,173
-	24	20,457	145	115	186	37,887
-	-	-	-	-	-	50,411
-	(807)	-	(8,652)	(4,280)	-	(24,673)
(14,527)	-	-	(123,624)	(11,611)	(126,717)	(599,076)
(14,527)	(783)	20,457	(132,131)	(15,776)	(126,531)	(535,451)
6,551	35,071	(82,301)	(21,159)	286,301	172,942	2,920,722
(13,614)	1,206,023	2,348,964	3,512,474	1,564,237	803,817	15,703,032
\$ (7,063)	\$ 1,241,094	\$ 2,266,663	\$ 3,491,315	\$ 1,850,538	\$ 976,759	\$ 18,623,754

Jefferson County Housing Authority
Schedule of Expenditures of Federal Awards
December 31, 2016

<u>Federal Agency/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs</i>			
Section 8 Housing Choice Vouchers	14.871		<u>\$ 12,239,380</u>
Section 8 New Construction and Substantial Rehabilitation - CO99H001072	14.182		364,556
Section 8 New Construction and Substantial Rehabilitation - CO99H001101	14.182		<u>358,952</u>
Total 14.182			<u>723,508</u>
Total Direct Programs			<u>12,962,888</u>
<i>Passed Through City of Lakewood</i>			
Community Development Block Grants	14.218	6780	31,494
<i>Passed Through Jefferson County</i>			
Community Development Block Grants	14.218	15-1367 / 13-01697	<u>1,000,000</u>
Total 14.218			<u>1,031,494</u>
<i>Passed Through Colorado Department of Housing</i>			
Home Investment Partnerships Program	14.239	15071	566,434
<i>Passed Through Jefferson County</i>			
Home Investment Partnerships Program	14.239	CC08-158	<u>8,373</u>
Total 14.239			<u>574,807</u>
Total U.S. Department of Housing and Urban Development			<u>14,569,189</u>
Total Federal Expenditures			<u><u>\$ 14,569,189</u></u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jefferson County Housing Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Uniform Guidance. Jefferson County Housing Authority received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Jefferson County Housing Authority's summary of significant accounting policies is presented in Note 1 in Jefferson County Housing Authority's basic financial statements.

The Authority has elected to use the 10% de minimis cost rate.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Jefferson County Housing Authority
Wheat Ridge, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of the Jefferson County Housing Authority (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 31, 2017. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control over financial reporting 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 financial reporting 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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
May 31, 2017



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Commissioners
Jefferson County Housing Authority
Wheat Ridge, Colorado

Report on Compliance for Each Major Federal Program

We have audited Jefferson County Housing Authority’s (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2016. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of the Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
May 31, 2017

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Community Development Block Grant	14.218
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None