

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

SEPTEMBER 30, 2017



RECEIVED

Office of the State Auditor

April 25, 2018

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Grand Junction ("Housing Authority"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of three of the discretely presented component units, as of and for the year ended December 31, 2017, and have issued our reports dated February 12, 2018, February 21, 2018, and February 22, 2018. We did not audit the financial statements of one of the discretely presented component units, whose statements reflect total assets of \$16,545,184 as of December 31, 2017, and total revenue of \$295,890 for the year then ended. These financial statements were audited by other auditors, whose report dated April 6, 2018, expressed an unmodified opinion, and our opinion, in so far as it relates to the amounts included for the component units of the Housing Authority of the City of Grand Junction, is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of September 30, 2017, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2018, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
April 18, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

The management of the Grand Junction Housing Authority (GJHA) offers this narrative overview and analysis of its audited financial statements for fiscal year ended September 30, 2017. The goal is for the reader to better understand the Authority's financial activities and its overall financial position and to show whether current year revenue covered current year expenses and the extent to which GJHA has invested its capital assets. We encourage readers to consider the information presented here in conjunction with GJHA's financial statements, which begins on page 13.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- GJHA's assets exceed its liabilities as of September 30, 2017 by \$19,360,047 compared to \$17,825,896 as of September 30, 2016. This was an increase of \$1,534,151 from 2016 to 2017, which included an asset increase of \$836,360 and a total liability decrease of \$697,791.
- GJHA's net investment in capital assets as of September 30, 2017 was \$5,184,601, reflecting a decrease of \$485,331 from September 30, 2016. This was primarily due to the liquidation of the Belford office building (-\$267,805)
- GJHA's total operating revenue for the fiscal year ended September 30, 2017 was \$13,448,414.
- GJHA's total operating expenses for the fiscal year ended September 30, 2017 were \$12,232,930. Therefore, GJHA's total operating revenue exceed its operating expenses by \$1,215,484.
- GJHA's total non-operating revenue for the fiscal year ended September 30, 2017 was \$318,667, resulting in a net income of \$1,534,151.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2017

STATEMENT OF NET POSITION			
SEPTEMBER 30, 2017 AND 2016			
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
ASSETS			
Current assets	\$ 6,589,510	\$ 5,691,238	\$ 898,272
Capital assets	18,480,046	19,482,658	(1,002,612)
Other assets	7,426,148	6,779,916	646,232
Restricted assets	759,279	464,811	294,468
Total Assets	\$ 33,254,983	\$ 32,418,623	\$ 836,360
LIABILITIES AND NET POSITION			
Current liabilities	\$ 1,620,615	\$ 4,313,520	\$ (2,692,905)
Non-current liabilities	12,274,321	10,279,207	1,995,114
Total Liabilities	13,894,936	14,592,727	(697,791)
Net investment in capital assets	5,184,601	5,669,932	(485,331)
Restricted	546,837	247,687	299,150
Unrestricted	13,628,609	11,908,277	1,720,332
Total Equity/Net Position	19,360,047	17,825,896	1,534,151
Total Liabilities and Net Position	\$ 33,254,983	\$ 32,418,623	\$ 836,360

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION			
YEARS ENDED SEPTEMBER 30, 2017 AND 2016			
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
OPERATING REVENUE			
Operating grants	\$ 9,275,314	\$ 9,671,154	\$ (395,840)
Other operating revenue	2,277,436	1,462,777	814,659
Dwelling rentals income - tenants	1,895,664	1,838,572	57,092
Total Operating Revenue	13,448,414	12,972,503	475,911
OPERATING EXPENSES			
Housing assistance payments	6,707,069	6,343,554	363,515
Administration	2,601,540	2,608,787	(7,247)
Tenant services	135,333	106,071	29,262
Depreciation	920,173	770,331	149,842
Maintenance & operations	1,282,859	1,034,052	248,807
Utilities	379,686	353,501	26,185
General & insurance expenses	206,270	241,674	(35,404)
Total Operating Expenses	12,232,930	11,457,970	774,960
NONOPERATING REVENUE (EXPENSES)			
Interest income	465,980	411,348	54,632
Interest expense	(394,838)	(345,864)	(48,974)
Gain on sale of fixed assets	247,525	-	247,525
Total Nonoperating Revenue	318,667	65,484	253,183
Prior period adjustments	-	33,943	(33,943)
Change in Net Position/Net Income	\$ 1,534,151	\$ 1,613,960	\$ (79,809)

STATEMENT OF CASH FLOWS			
YEARS ENDED SEPTEMBER 30, 2017 AND 2016			
	<u>2017</u>	<u>2016</u>	<u>Changes in Cash Flow</u>
Cash Flows From Operating Activities			
Operating Grants	\$ 9,628,723	\$ 9,260,934	\$ 367,789
Other Income	2,346,860	1,892,148	454,712
Tenants/Participants	1,893,932	1,878,496	15,436
Housing Assistance Payments	(6,707,069)	(6,343,554)	(363,515)
Vendors Payments	(3,741,702)	(3,155,764)	(585,938)
Employee Payments	(2,091,449)	(1,961,720)	(129,729)
Net Cash Provided by Operating Activities	1,329,295	1,570,540	(241,245)
Cash Flows From Capital & Related Financing Activities			
Notes Receivable Issued	(680,578)	(1,120,244)	439,666
Acquisition of Capital Assets	(194,683)	(7,651,490)	7,456,807
Proceeds from sale of capital assets	524,647	-	524,647
Principal Payments	(517,281)	6,872,013	(7,389,294)
Interest Payments	(369,876)	(367,229)	(2,647)
Net Cash (Used In) Capital & Related Financing Activities	(1,237,771)	(2,266,950)	1,029,179
Cash Flows From Noncapital Financing Activities			
Equity Transfers	-	(67,959)	67,959
Cash Flows From Investing Activities - Interest Received			
	120,567	126,485	(5,918)
Net Increase (Decrease) in Cash	\$ 212,091	\$ (637,884)	\$ 849,975

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FISCAL YEAR ENDED SEPTEMBER 30, 2017

ANALYSIS OF FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS - see page 6

- **Current Assets** increased \$898,272 primarily due to increased accrued interest owed to Acquisitions and Development (\$310,683) and increased Voucher current assets (\$212,329) after resolution of 2015 calendar year over leasing recapture.
- **Capital Assets** decreased \$1,002,612 primarily due to the sale of the Belford office building (-\$267,805) and scheduled depreciation.
- **Other Assets** increased \$646,232 primarily due to an increase in Highlands developer fee receivable (\$599,900).
- **Restricted Assets** increased by \$299,150 due to:
 - Increased restricted cash balance at Ratekin Tower (\$17,684)
 - Increased restricted cash balance for Voucher program (\$283,722)
- **Current Liabilities** decreased by \$2,692,905 primarily due to the inclusion of the entire Foresight Building debt in the current classification (\$2,664,000) as at the end of the prior audit period it was not yet converted from a construction to permanent loan. Additionally, the increase in the current portion of long term debt (the amount of principal scheduled to be paid down within the next 12-month period) increased the total amount of debt classified as current. As the mortgage amortizes over time, the amount of each monthly payment's allocation to principal increases.
- **Non-Current Liabilities** increased \$1,995,114 primarily due to the reclassification of Foresight Building debt after permanent loan conversion (\$2,524,873) to long term liabilities.
- **Net Investment in Capital Assets** decreased \$485,331 primarily due to the sale of the Belford office building (\$353,263) and its impact on the General Fund and Vouchers balance sheets.

Agency wide Restricted Net Position increased by \$299,150 primarily due to increased end of Year Voucher Program Restricted Net position (\$278,196).

Unrestricted Net Position for all programs increased by \$1,720,332 primarily due to

- decreasing debt balances due to regular payments being made on mortgages,
- Net increase in Acquisitions & Development current asset value due to Highlands 2 Construction Work in Process and earned interest from component unit soft loans (\$821,981),
- Housing Choice Voucher increased by \$220,970

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

REVENUE - (Operating and Non-Operating)

- **Operating Grants** decreased by \$395,878, primarily due to comparison to a year (2016) in which GJHA had received \$1,027,252 in Acquisitions and Development Grants (City of Grand Junction and Colorado Division of Housing) for The Highlands Phase 1; also:
 - Voucher Administrative Fees were reduced due to 2016 recapture and no VASH special administrative fee grant in 2017
 - Additional Voucher Housing Assistance Budget Authority was generated due to full leasing in 2016
 - Family Self-Sufficiency did not receive a calendar year 2016 HUD grant but did for 2017
 - Housing Choice Vouchers did not absorb Port-In's in 2016 or throughout most of 2017.
 - Ratekin's Energy Outreach Colorado Weatherization had been completed and fully funded in 2016

Operating Grants Description	2017	2016	Difference
Nellie Bechtel- HUD Rent Assistance Grant	70,083	0	70,083
Home Ownership - Housing Counseling	20,587	13,945	6,641
Walnut Park – CDBG Drawdown	75,000	0	75,000
Housing Advocate - Mesa County Dept. of Human Services	118,605	116,700	1,905
Ratekin Tower - HUD Rent Assistance Grant	558,922	525,912	33,010
Walnut Park - HUD Rent Assistance Grant	381,63	325,341	56,291
FSS- DHS Administrative Grant	6,361	0	6,361
Family Self Sufficiency - HUD Administrative Grant	38,821	11,585	17,236
Vouchers - HUD Housing Assistance Payments	6,533,852	5,816,415	717,437
Vouchers - HUD Administrative Fee Grant	755,537	998,282	-242,745
Vouchers - Port In	197,300	119,767	75,244
Tenant Based Rental Assistance – Mesa County DHS	59,252	58,300	952
Tenant Based Rental Assistance – Colorado Division of Housing	269,599	226,922	42,677
Vouchers Port in Administrative Fee Grant	16,125	0	0
Walnut Park Service Coordinator - HUD	53,627	51,986	1,641
8 Foresight Cir-Energy Outreach of Colorado	0	20,000	-20,000
Ratekin Tower- Energy Outreach of Colorado - Weatherization	0	332,543	-332,543
Acquisitions and Developments (Highlands 1)	104,469	1,027,252	-922,783
Doors 2 Success - United Way (Funds received in one category now)	13,739	16,939	-3,200
Colorado Health Links	0	1,000	-1,000
Nellie Bechtel - Colorado Realtor Foundation	0	5,000	-5,000
Foundation grants – Doors to Success	1,500	3,000	-1,500
Total Operating Grants	\$9,275,011	\$9,670,889	-\$395,878

- **Other Operating Revenue** - increased by 814,659 primarily due to receipt of Highlands Phase 1 Developer Fee (\$1,100,000).
- **Dwelling Rentals Income** - increased by \$57,092 primarily due to securing rental assistance subsidy at Nellie Bechtel Apartments.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FISCAL YEAR ENDED SEPTEMBER 30, 2017

ANALYSIS OF FINANCIAL STATEMENTS - Continued

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

EXPENSES - (Operating and Non-Operating)

- **Housing Assistance Payments** increased by \$363,615 in comparison to 2016, primarily due to increasing per unit costs.
- **Administration Expenses** decreased by \$7,247 primarily due to reduced expenses at Ratekin Tower.
- **Tenant Services** increased by \$29,262 due to security deposit assistance payments on behalf of tenant for the first year of a new two-year TBRA/Next Step cycle.
- **Maintenance & Operations** increased by \$248,807 due primarily increased expenses incurred for increased turnover, miscellaneous improvements and roofing repairs at Walnut Park (\$132,245), preparation of real property for sale/marketing, full year occupancy of new Foresight headquarters, and painting at Crystal Brook (\$64,961).
- **Utilities'** costs increased \$26,185 primarily due full year ownership of Nellie Bechtel Apartments, as well as regular rate increases, somewhat offset by vacancy of Belford office building.
- **Interest Expense** increased by \$48,974 due to full year ownership of Nellie Bechtel Apartments (\$31,045) and occupancy of completed Foresight building. This was somewhat offset by the reduction generated through normal amortization.

STATEMENT OF CASH FLOWS - see page 6

Net Cash increased \$212,091.

- Net Cash Provided by Operating Activities was \$1,329,295 primarily from the following:
 - Courtyard Apartments provided \$34,064
 - Crystal Brook provided \$30,276
 - Ratekin Tower provided \$209,291
 - Walnut Park provided \$86,132
 - Housing Choice Vouchers provided \$724,250 (recovery of prior year's over leasing recapture)
 - Monument Business Center provided \$86,513 (through commercial leasing)
 - Acquisitions and Development used \$1,260,044 (although \$414,402 is eliminated as an inter-program transfer to General Fund related to Highlands development costs)
 - General Administration provided \$1,702,492 (\$1,100,00 in Highlands 1 Developer Fee was earned)
 - Service coordinator used \$71,799
 - Nellie Bechtel used \$170,371 (paydown to General Fund for acquisition expense)
 - TBRA used \$30,029

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2017

ANALYSIS OF FINANCIAL STATEMENTS - Continued

STATEMENT OF CASH FLOWS - Continued - see page 6

- Net Cash Used In Capital and Related Financing Activities was \$1,237,771, primarily from the following:
 - Notes Receivable issuance and activity in General Fund (\$576,109) was largely offset by receipt from proceeds of sale of capital assets including the Belford building (\$524,647)
 - Capital asset purchases at Nellie Bechtel (\$106,455)
 - Capital asset purchases at Ratekin Tower (\$22,925) and Walnut Park (\$31,031)
 - Receipt of final draw of CDOH grant for The Highlands by Acquisition & Development (\$104,469)
 - Mortgage proceeds minus principal and interest payments on properties (\$887,157)

- Net Cash Used in Noncapital Financing Activities was \$-0-

- Net Cash Provided by Investing Activities was \$120,567 from interest received. This includes interest and payments related to internal soft loans, such as
 - Village Park Deferred Developer Fee Loan (\$18,304)
 - Arbor Vista Deferred Developer Fee Loan (\$26,311)
 - Linden Pointe CDOH Loan (\$89,026)

SIGNIFICANT TRANSACTIONS

- GJHA continued lease up of 37 Project Based Housing Choice Vouchers at the Nellie Bechtel Apartments, a senior community with supportive services.
- GJHA leased up 8 Project Based Vouchers committed to The Highlands, a service-enriched senior housing development owned by a GJHA LLLP LIHTC partnership, in May 2017.
- In October 2016, GJHA began the first year of a two-year award of \$573,000 in Tenant Based Rental Assistance (HOME Funds provided by the Colorado Division of Housing) for the Next Step Program.
- The GJHA completed renovations in May 2016 on 8 Foresight Circle for use as a new office building and Voucher Service Center. In November 2016, the Construction Loan executed with Bank of Colorado was converted to a permanent mortgage in the amount of \$2,664,000.
- Construction work completed on The Highlands development, a service enriched senior 9% LIHTC property, after which the property was fully leased within 30 days. A developer fee payment of \$500,100 was received in September 2017, leaving an accrued balance of \$599,900 (\$115,900 will remain accrued after the application of the final equity installment from Wells Fargo and the timing adjustor payment in March 2018).
- At the end of Fiscal Year 2016, GJHA awaited receipt of a Section 8 Rental Assistance contract that would increase the subsidized unit count at Walnut Park from 78 to 90. This contract was received and effective November 1, 2016, allowing the 12 project-based HCV vouchers to be placed back into community-wide circulation.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FISCAL YEAR ENDED SEPTEMBER 30, 2017

- At the end of Fiscal Year 2016, GJHA awaited an award of a project-based Section 8 Housing Assistance Payments Contract for Nellie Bechtel Apartments. The contract was ultimately received and executed effective 10/31/2016, providing project-based subsidy for 47 units at Nellie Bechtel Apartments.
- Following the move to Foresight Circle, 1011 N 10th Street was marketed for resale to a new owner. The building was sold on August 8th, 2017 for \$565,000. Simultaneously, a lien on the building by the Bank of Colorado to provide additional collateral for the Monument Business Center mortgage was released. No additional collateral was required to be substituted.
- Hired Chief Operating Officer, Scott Aker, in December 2016

BUDGETARY HIGHLIGHTS

- During 2017, GJHA utilized 96.6% (December 2017) of its awarded Housing Choice Voucher Program units.
- The Housing Authority continues to work on the self-sustainability of all programs/properties by seeking new sources of funding and reducing costs wherever possible.
- GJHA received a payment from HUD in December 2016 reimbursing it for previously recaptured Housing Assistance Payments related to disputed calendar year 2015 over leasing. After reimbursement, the net amount recaptured for this over leasing amounted to \$86,775.
- The commercial tenant occupying office space at Ratekin Tower vacated the space when its lease expired at the end of September 2016. Staff is evaluating various options for utilization of this space.
- Initial Administrative Fee proration for Housing Choice Vouchers for January-June of calendar year 2017 had been set by HUD at 77.00%. In April of 2018, final calendar year 2017 Administrative Fee proration was set at 77.988%. A HUD reconciliation is pending.

FUTURE EVENTS

- In late 2012, the Board of Commissioners and Senior Staff of the Housing Authority developed a 5-Year Strategic Plan which has identified a series of Board priorities and objectives, measures, targets and initiatives for achieving those priorities and objectives. The plan was updated in November 2016 and December 2017 and the Board was also provided prior periodic updates. Included within the plan are objectives focused on meeting ongoing needs for affordable housing, developing additional affordable housing, consolidating staff into one location, and demonstrating stewardship and accountability. The December 2017 report was considered the final report and a new plan will be developed in the current fiscal year.
- In 2017, GJHA applied for and received an allocation of 9% Low Income Housing Tax Credits from the Colorado Housing and Finance Authority to construct Phase 2 of The Highlands, which will also be a service-enriched senior community. Debt and equity providers were competitively selected and the partnership closed in February 2018, providing an initial installment of \$600,000 in developer fee payment to GJHA.
- In November 2017, GJHA obtained and has executed agreements related to a funding commitment from the Federal Home Loan Bank of Topeka to provide \$700,000 in grant funds to support the

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION

Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued FISCAL YEAR ENDED SEPTEMBER 30, 2017

development of The Highlands 2. Additionally, the Colorado Division of Housing has committed to a \$864,000 in Housing Trust Fund grant for the same project. That contract will likely be executed in April of 2018.

- GJHA obtained and has executed agreements related to a funding commitment from the Colorado Division of Housing to finance development wide improvements and bridge loan debt retirement at Nellie Bechtel Apartments. This funding consists of both low-cost debt and grant awards to pay down principal of acquisition bridge loan debt and begin significant project improvements in fiscal year 2018. Additional improvement funding commitments have also been received from Federal Home Loan Bank of Topeka (\$725,000) and Energy Outreach Colorado (\$298,199).
- In October of 2017, GJHA executed the sale of the Santee House and realized a gain on sale of \$86,852.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS

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

	PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL
<u>ASSETS</u>	SEPTEMBER 30, 2017	DECEMBER 31, 2017	(MEMORANDUM ONLY)
CURRENT ASSETS			
Cash and investments	\$ 2,864,266	\$ 479,839	\$ 3,344,105
Cash and investments - restricted	759,279	1,024,048	1,783,327
Receivables			
Tenants, net of allowance for doubtful accounts	15,719	34,319	50,038
Interest	2,257,799	-	2,257,799
Other, net of allowance for doubtful accounts	1,265,142	-	1,265,142
Due from other governments	101,480	-	101,480
Prepaid expenses	28,801	-	28,801
Current portion of notes receivable	540,303	-	540,303
TOTAL CURRENT ASSETS	7,832,789	1,538,206	9,370,995
NONCURRENT ASSETS			
Notes receivable	6,687,714	-	6,687,714
Other assets, net of accumulated amortization	-	248,459	248,459
Investment in The Highlands, LLP	254,434	-	254,434
Land	3,005,320	2,496,604	5,501,924
Land improvements	1,472,180	6,443,766	7,915,946
Buildings and improvements	24,676,255	45,454,945	70,131,200
Equipment	1,878,978	1,240,583	3,119,561
Less accumulated depreciation	(12,552,687)	(11,698,473)	(24,251,160)
TOTAL NONCURRENT ASSETS	25,422,194	44,185,884	69,608,078
TOTAL ASSETS	\$ 33,254,983	\$ 45,724,090	\$ 78,979,073

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

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

<u>LIABILITIES AND NET POSITION</u>	<u>PRIMARY GOVERNMENT SEPTEMBER 30, 2017</u>	<u>COMPONENT UNITS DECEMBER 31, 2017</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
CURRENT LIABILITIES			
Accounts payable	\$ 49,665	\$ 9,049	\$ 58,714
Accrued expenses	146,128	2,479,609	2,625,737
Compensated absences	14,934	-	14,934
Unearned revenue	40,843	9,996	50,839
Due to other governments	-	164,913	164,913
Tenants' security deposits	146,436	219,333	365,769
Current portion of notes payable	<u>1,222,609</u>	<u>1,333,630</u>	<u>2,556,239</u>
TOTAL CURRENT LIABILITIES	<u>1,620,615</u>	<u>4,216,530</u>	<u>5,837,145</u>
NONCURRENT LIABILITIES			
Investment in Linden Pointe, LLLP	441	-	441
Investment in Arbor Vista, LLLP	486	-	486
Investment in Village Park, LLLP	169	-	169
Compensated absences	134,383	-	134,383
Tenants' FSS escrow	66,006	-	66,006
Developer fee payable	-	1,031,130	1,031,130
Notes payable, net of discount	<u>12,072,836</u>	<u>11,945,870</u>	<u>24,018,706</u>
TOTAL NONCURRENT LIABILITIES	<u>12,274,321</u>	<u>12,977,000</u>	<u>25,251,321</u>
TOTAL LIABILITIES	<u>13,894,936</u>	<u>17,193,530</u>	<u>31,088,466</u>
NET POSITION			
Net investment in capital assets	5,184,601	30,657,925	35,842,526
Restricted	546,837	804,715	1,351,552
Unrestricted	<u>13,628,609</u>	<u>(2,932,080)</u>	<u>10,696,529</u>
TOTAL NET POSITION	<u>19,360,047</u>	<u>28,530,560</u>	<u>47,890,607</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 33,254,983</u>	<u>\$ 45,724,090</u>	<u>\$ 78,979,073</u>

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

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

	PRIMARY	COMPONENT	TOTAL (MEMORANDUM ONLY)
	GOVERNMENT	UNITS	
	YEAR ENDED		
	SEPTEMBER 30, 2017	DECEMBER 31, 2017	
OPERATING REVENUE			
Dwelling rental	\$ 1,895,664	\$ 2,087,564	\$ 3,983,228
Operating grants	9,275,011	-	9,275,011
Other operating revenue	<u>2,276,706</u>	<u>96,160</u>	<u>2,372,866</u>
TOTAL OPERATING REVENUE	<u>13,447,381</u>	<u>2,183,724</u>	<u>15,631,105</u>
OPERATING EXPENSES			
Administration	2,601,540	669,571	3,271,111
Tenant services	135,333	-	135,333
Utilities	379,686	191,295	570,981
Maintenance and operations	1,282,859	545,211	1,828,070
General expenses	69,340	103,976	173,316
Insurance	135,897	81,834	217,731
Housing assistance payments	6,707,069	-	6,707,069
Depreciation and amortization	<u>920,173</u>	<u>1,697,341</u>	<u>2,617,514</u>
TOTAL OPERATING EXPENSES	<u>12,231,897</u>	<u>3,289,228</u>	<u>15,521,125</u>
 OPERATING INCOME (LOSS)	 <u>1,215,484</u>	 <u>(1,105,504)</u>	 <u>109,980</u>
NONOPERATING REVENUE (EXPENSE)			
Interest income	465,980	3,711	469,691
Gain on sale of capital assets	247,525	-	247,525
Interest expense	<u>(394,838)</u>	<u>(805,235)</u>	<u>(1,200,073)</u>
NET NONOPERATING REVENUE (EXPENSE)	<u>318,667</u>	<u>(801,524)</u>	<u>(482,857)</u>
 CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	 <u>1,534,151</u>	 <u>(1,907,028)</u>	 <u>(372,877)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>11,150,100</u>	<u>11,150,100</u>
 CHANGE IN NET POSITION	 <u>1,534,151</u>	 <u>9,243,072</u>	 <u>10,777,223</u>
NET POSITION AT BEGINNING OF YEAR	<u>17,825,896</u>	<u>16,633,900</u>	<u>34,459,796</u>
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>2,653,588</u>	<u>2,653,588</u>
 NET POSITION AT END OF YEAR	 <u>\$ 19,360,047</u>	 <u>\$ 28,530,560</u>	 <u>\$ 47,890,607</u>

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

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

	PRIMARY	COMPONENT	TOTAL (MEMORANDUM ONLY)
	GOVERNMENT	UNITS	
	YEAR ENDED		
	SEPTEMBER 30, 2017	DECEMBER 31, 2016	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from tenants/participants	\$ 1,893,932	\$ 2,135,329	\$ 4,029,261
Cash received from operating grants	9,628,723	-	9,628,723
Other income received	1,320,346	84,110	1,404,456
Cash payments to vendors	(2,715,188)	(2,370,665)	(5,085,853)
Cash payments to employees	(2,091,449)	-	(2,091,449)
Cash payments for housing assistance	(6,707,069)	-	(6,707,069)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,329,295</u>	<u>(151,226)</u>	<u>1,178,069</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Notes receivable	(680,578)	-	(680,578)
Developer fee paid	-	(23,791)	(23,791)
Acquisition of capital assets	(194,683)	(29,842)	(224,525)
Proceeds from sale of capital assets	524,647	-	524,647
Proceeds from partnership contributions	-	11,150,100	11,150,100
Loan proceeds	-	6,871,356	6,871,356
Debt issuance costs	-	(28,831)	(28,831)
Principal payments	(533,182)	(10,873,909)	(11,407,091)
Interest paid	(353,975)	334,675	(19,300)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,237,771)</u>	<u>7,399,758</u>	<u>6,161,987</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	120,567	2,897	123,464
Expenditures on rental property	-	(7,073,523)	(7,073,523)
Payment of tax credit fees	-	(57,229)	(57,229)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>120,567</u>	<u>(7,127,855)</u>	<u>(7,007,288)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	212,091	120,677	332,768
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,411,454</u>	<u>1,383,210</u>	<u>4,794,664</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,623,545</u>	<u>\$ 1,503,887</u>	<u>\$ 5,127,432</u>

(Continued on page 17)

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

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

	<u>PRIMARY</u> <u>GOVERNMENT</u>	<u>COMPONENT</u> <u>UNITS</u>	
	<u>YEAR ENDED</u>		<u>TOTAL</u>
	<u>SEPTEMBER 30,</u>	<u>DECEMBER 31,</u>	<u>(MEMORANDUM</u>
	<u>2017</u>	<u>2016</u>	<u>ONLY)</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>			
<u>PER STATEMENT OF CASH FLOWS TO THE STATEMENT</u>			
<u>OF NET POSITION</u>			
Cash and investments	\$ 2,864,266	\$ 479,839	\$ 3,344,105
Cash and investments - restricted	<u>759,279</u>	<u>1,024,048</u>	<u>1,783,327</u>
CASH AND CASH EQUIVALENTS PER			
STATEMENT OF NET POSITION	<u>\$ 3,623,545</u>	<u>\$ 1,503,887</u>	<u>\$ 5,127,432</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO</u>			
<u>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ 1,215,484	\$(1,105,504)	\$ 109,980
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	920,173	1,697,341	2,617,514
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(949,399)	(17,820)	(967,219)
Due from other governments	347,447	-	347,447
Prepaid expenses	(23,635)	1,853	(21,782)
Other Assets	1	-	1
(Decrease) increase in liabilities			
Accounts payable - operations	(220,158)	(7,810)	(227,968)
Accrued expenses	35,245	(780,905)	(745,660)
Unearned revenue	8,819	3,700	12,519
Due to other governments	-	14,186	14,186
Tenants' security deposits	(10,208)	43,733	33,525
Tenants' FSS escrow	<u>5,526</u>	<u>-</u>	<u>5,526</u>
NET CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES	<u>\$ 1,329,295</u>	<u>\$ (151,226)</u>	<u>\$ 1,178,069</u>

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

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

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

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

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

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

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

The Housing Authority's financial statements also include four discretely presented component units, Arbor Vista, LLLP; Linden Pointe, LLLP; Village Park, LLLP; and The Highlands, LLP. The Housing Authority is the general partner in all four Partnerships which were formed for the purpose of acquiring, developing, and operating low and moderate income housing projects in Grand Junction, Colorado. The four component units have a December 31, 2017 year end and are therefore, discretely presented in a single column in the financial statements. Separate financial statements for these component units are available through the request of the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is rents collected from tenants and operating grants. Operating expenses for the proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

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

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

Accounts Receivable - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts for fraud recovery was \$31,662 for housing choice vouchers and for local/state programs tenant accounts was \$23,963 at September 30, 2017.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable - Component Units - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts for tenant accounts receivable was \$12,335 for the component units at December 31, 2017.

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

Other Assets - Component Units - Other assets consist of tax credit fees. Tax credit fees have been capitalized and will be amortized over the 15-year compliance period for Linden Pointe, Village Park, the Highlands and over 30 years for Arbor Vista. Accumulated amount was \$82,101 as of December 31, 2017.

Debt Issuance Costs - Component Units - Debt issuance costs will be amortized over the life of the related debt. Accumulated amortization was \$206,695 as of December 31, 2017. Unamortized debt issuance cost was \$60,301.

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

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

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

Impairment of Long-Lived Assets - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the year ended September 30, 2017.

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

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

The amount of accumulated benefits at September 30, 2017, was \$149,317 and is recorded as a liability in the applicable programs.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

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

Subsequent Events - The Housing Authority has evaluated subsequent events through April 18, 2018, the date which the financial statements were available to be issued.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 SEPTEMBER 30, 2017

NOTE 2 - Cash and Investments

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

At September 30, 2017, the Housing Authority reported cash and cash equivalents as follows:

Cash and investments	\$ 2,864,266
Cash and investments - restricted	<u>759,279</u>
	<u>\$ 3,623,545</u>

Fair Value of Deposits and Investments - Deposits and investments are reported at fair value. At September 30, 2017, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

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

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk. As of September 30, 2017, none of the Housing Authority's bank balance of \$3,767,938 was exposed to custodial credit risk.

Deposits - The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State statutes and regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At September 30, 2017, the Housing Authority had bank deposits of \$3,272,554 collateralized with securities held by the financial institutions' agents but not in the Housing Authority's name.

Discretely Presented Component Units - The Partnerships maintain operating cash and cash equivalents in various deposit accounts. The operating cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Partnerships have not experienced any losses with respect to their bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to operating cash during the year ended December 31, 2017.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 3 - Capital Assets

A summary of changes in capital assets is as follows:

	<u>BALANCE</u> 10/01/16	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> 09/30/17
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,069,620	\$ -	\$ (64,300)	\$ 3,005,320
<i>Capital assets being depreciated:</i>				
Land improvements	1,509,284	1,992	(39,096)	1,472,180
Buildings and improvements	25,082,404	29,690	(435,839)	24,676,255
Equipment	1,840,550	163,001	(124,573)	1,878,978
TOTAL CAPITAL ASSETS BEING DEPRECIATED	28,432,238	194,683	(599,508)	28,027,413
Less accumulated depreciation	<u>(12,019,200)</u>	<u>(920,173)</u>	<u>386,686</u>	<u>(12,552,687)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>16,413,038</u>	<u>(725,490)</u>	<u>(212,832)</u>	<u>15,474,726</u>
TOTAL CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 19,482,658</u>	<u>\$ (725,490)</u>	<u>\$ (277,122)</u>	<u>\$ 18,480,046</u>

A summary of changes in capital assets for the component units as of December 31, 2017, is as follows:

	<u>BALANCE</u> 01/01/17	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> 12/31/17
<i>Capital assets not being depreciated:</i>					
Land	\$ 2,106,269	\$ -	\$ -	\$ 390,335	\$ 2,496,604
Construction in progress	-	-	-	-	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2,106,269</u>	<u>-</u>	<u>-</u>	<u>390,335</u>	<u>2,496,604</u>
<i>Capital assets being depreciated:</i>					
Land improvements	4,990,550	1,453,216	-	-	6,443,766
Buildings	30,918,505	3,562,518	-	10,973,922	45,454,945
Furniture, equipment, and machinery	955,957	284,626	-	-	1,240,583
TOTAL CAPITAL ASSETS BEING DEPRECIATED	36,865,012	16,274,282	-	10,973,922	53,139,294
Less accumulated depreciation	<u>(10,092,762)</u>	<u>(1,605,711)</u>	<u>-</u>	<u>-</u>	<u>(11,698,473)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>26,772,250</u>	<u>14,668,571</u>	<u>-</u>	<u>10,973,922</u>	<u>41,440,821</u>
TOTAL CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 28,878,519</u>	<u>\$ 14,668,571</u>	<u>\$ -</u>	<u>\$ 11,364,257</u>	<u>\$ 43,937,425</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 4 - Notes Receivable

At September 30, 2017, notes receivable consists of:

Note receivable from Linden Pointe, LLLP, interest at 5.1 percent. Entire principal and accrued interest due April 30, 2034.	\$ 509,000
Note receivable from Linden Pointe, LLLP, interest at 5.1 percent. Entire principal and accrued interest due April 30, 2034.	90,000
Note receivable from Linden Pointe, LLLP, interest at 5.1 percent. Interest began accruing on January 1, 2006. Entire principal balance and accrued interest due April 30, 2034.	800,000
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	713,007
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	208,799
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	1,100,000
Note receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2038.	450,000
Developer fee receivable from Arbor Vista, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2024.	311,695
Note receivable from Village Park, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2042.	320,000
Note receivable from Village Park, LLLP, interest at 5.1 percent. Entire principal balance and accrued interest due December 31, 2042.	720,000
Developer fee receivable from Village Park, LLLP, interest at 5.1 percent. Entire fee balance and accrued interest due December 31, 2024.	119,555
Note receivable from private home owner, no interest. Entire principal balance was due April 24, 2015.	18,360
Note receivable from Highlands, LLLP, interest at 5.0 percent. Entire principal and accrued interest due December 31, 2046.	331,721
Note receivable from Highlands, LLLP, interest at 5.0 percent. Entire principal and accrued interest due December 31, 2046.	136,000
Note receivable from Highlands, LLLP, interest at 5.0 percent. Entire principal and accrued interest due December 31, 2046.	800,000
Developer fee receivable from Highlands, LLLP, interest at 5.1 percent. Entire fee Balance and accrued interest due December 31, 2032.	599,900
TOTAL	<u>7,228,017</u>
Less current portion	<u>(540,303)</u>
LONG-TERM PORTION	<u>\$ 6,687,714</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 5 - Investment in Linden Pointe, LLLP

In February 2004, the Housing Authority became the General Partner in Linden Pointe, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction of 92 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction of the Partnership property for a development fee of \$450,000. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the Partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in Linden Pointe, LLLP was (\$441) at September 30, 2017.

NOTE 6 - Investment in Arbor Vista, LLLP

In June 2007, the Housing Authority became the General Partner in Arbor Vista, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction and rehabilitation of 72 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction and rehabilitation of the Partnership property for a development fee of \$844,250. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in Arbor Vista, LLLP was (\$486) at September 30, 2017.

NOTE 7 - Investment in Village Park, LLLP

In February 2012, the Housing Authority became the General Partner in Village Park, LLLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction of 72 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction of the Partnership property for a development fee of \$1,477,843. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in Village Park, LLLP was (\$169) at September 30, 2017.

NOTE 8 - Investment in The Highlands, LLP

In April 2016, the Housing Authority became the General Partner in The Highlands, LLP ("Partnership"). The Partnership is a limited liability limited partnership under Colorado law. The Partnership was formed to facilitate the construction of 64 low-income housing units. As the General Partner, the Housing Authority is liable for any liability incurred by it for Partnership obligations in excess of its capital contributions. The Housing Authority, as General Partner, was also responsible for completing the construction of the Partnership property for a development fee of \$1,600,000. The Housing Authority acts as the management agent for the Partnership property for a monthly fee of 6.00 percent of gross collections. The Housing Authority owns .01 percent of the partnership interest and is allocated .01 percent of the Partnership's profits and losses. Separate audited financial statements are issued for the Partnership. The investment in The Highlands, LLP was \$254,434 at September 30, 2017.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 9 - Long-Term Obligations

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

Summary of Long-Term Obligations

	<u>BALANCE</u> 10/01/16	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> 09/30/17	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Compensated absences	\$ 124,443	\$ 24,874	\$ -	\$ 149,317	\$ 14,934
Tenants' FSS escrow	60,480	39,470	(33,944)	66,006	-
Notes payable	13,951,915	-	(533,182)	13,418,733	1,222,609
Discount on note payable	(139,189)	-	15,901	(123,288)	-
	<u>\$ 13,997,649</u>	<u>\$ 64,344</u>	<u>\$ (551,225)</u>	<u>\$13,510,768</u>	<u>\$ 1,237,543</u>

At September 30, 2017, long-term debt consists of:

Note payable to Colorado Housing Finance Authority for Ratekin property, interest at 1.75 percent, monthly payments of \$8,001, including interest; matures July 1, 2034. Collateralized by deed of trust on Ratekin.	\$ 1,403,348
Note payable to HUD for Ratekin property, interest at 1.00 percent, annual payments, including interest equal to 75.00 percent of surplus cash as defined; matures August 1, 2033. Collateralized by deed of trust on Ratekin.	2,290,026
Note payable to HUD for Ratekin property, interest at 1.00 percent, principal and interest due in full August 1, 2033. Collateralized by deed of trust on Ratekin.	216,474
Note payable to bank for Walnut Park property, interest at 3.00 percent, monthly payments of \$13,093, including interest; matures October 25, 2018. Collateralized by deed of trust on Walnut Park.	167,475
Note payable to bank for Patterson condo property, interest at 2.75 percent, monthly payments of \$513, including interest; remaining principal and interest due August 4, 2018. Collateralized by deed of trust on Patterson.	90,290
Note payable to bank for 2817 ½ Elm property, interest at 2.75 percent, monthly payments of \$641, including interest; remaining principal and interest due October 6, 2018. Collateralized by deed of trust 2817 ½ Elm.	121,984
Note payable to bank for Bookcliff property, interest at 3.00 percent until September 26, 2018, at which time the rate will become variable, monthly payments of \$1,084, including interest, until September 26, 2018, at which time they become \$1,127; matures September 26, 2024. Collateralized by deed of trust on Bookcliff.	81,972
Note payable to bank for Monument Business Center, interest at 3.00 percent until October 8, 2018, at which time the rate will become variable, monthly payments of \$6,539, including interest, until October 8, 2015, at which time they became \$7,219; matures October 8, 2035. Collateralized by deed of trust on Monument Business Center.	1,090,221
Note payable to bank for Crystal Brook property, interest at 3.00 percent until September 25, 2018, at which time the rate will become variable, monthly payments of \$2,605, including interest, until September 25, 2018, at which time becomes \$2,472; matures October 25, 2025. Collateralized by deed of trust on Crystal Brook.	205,836

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 9 - Long-Term Obligations - Continued

Note payable to Tall Pines Investments, LLC for Courtyard Apartments property, interest at 3.50 percent, monthly payments of \$5,832, including interest; principal and remaining interest due July 1, 2021. Collateralized by deed of trust on Courtyard Apartments.	\$ 240,691
Note payable to bank, interest at 0 percent, discount is based on imputed interest rate of 5.00 percent, principal due in full February 12, 2024. Collateralized by property owned by Arbor Vista, LLLP.	450,000
Note payable to bank for Foresight Property, interest at 2.75 percent, principal and remaining interest due November 1, 2016. Note was converted to permanent loan on November 1, 2016, interest at 2.75 percent monthly payments of \$12,372, until December 1, 2020, at which time the rate will become variable, monthly payments of \$12,253; matures November 1, 2041. Collateralized by Real Property at 8 Foresight Circle.	2,601,490
Note payable to bank for Nellie Bechtel Property, interest at 3.75 percent, monthly payments of \$18,670, including interest; principal and remaining interest due January 1, 2036. collateralized by deed of trust on Property	3,858,926
Note payable to bank, interest at 2.75 percent, monthly interest payments; principal and remaining interest due December 31, 2017. Collateralized by deed of trust on Bridge.	<u>600,000</u>
TOTAL NOTES PAYABLE	<u>13,418,733</u>
Less discount on note payable	<u>(123,288)</u>
TOTAL DISCOUNTED NOTES PAYABLE	13,295,445
Less current portion	<u>(1,222,609)</u>
LONG-TERM PORTION	<u>\$12,072,836</u>

Maturities of Long-Term Debt

The aggregate maturities of long-term debt following September 30, 2017, are as follows:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>DISCOUNT</u>	<u>INTEREST</u>
2018	\$ 1,222,609	\$ (16,715)	\$ 337,065
2019	506,255	(17,570)	336,267
2020	387,188	(18,469)	325,027
2021	379,061	(19,414)	311,842
2022	343,038	(51,120)	301,125
2022-2026	2,240,023	-	1,264,168
2027-2031	1,956,404	-	946,432
2032-2036	5,816,107	-	426,172
2027-2041	568,048	-	38,084
TOTAL	<u>\$ 13,418,733</u>	<u>\$ (123,288)</u>	<u>\$ 4,286,182</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 9 - Long-Term Obligations - Continued

Details of the Component Unit's long-term obligations as of December 31, 2017, are set forth below:

Summary of Long-Term Obligations

	<u>BALANCE</u> <u>1/01/17</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes payable	<u>\$10,969,121</u>	<u>\$ -</u>	<u>\$ (129,690)</u>	<u>\$ 2,500,370</u>	<u>\$ 13,339,801</u>	<u>\$ 1,333,630</u>

At December 31, 2017, the Components Units' long-term debt consists of:

Note payable to Colorado Housing and Finance Authority loan modification as of July 1, 2017, 2017, which adjusted the interest rate to 6.08 percent from 6.85 percent and monthly principal and interest payments in the amount of \$9,490, prior was \$11,467, matures September 1, 2029, secured by a deed of trust on the project.	\$ 1,559,034
Note payable to Colorado Housing and Finance Authority, interest at 3.00 percent, monthly principal and interest payments due in the amount of \$1,686, matures September 1, 2029, secured by a deed of trust on the project.	323,005
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	208,799
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	713,007
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	1,100,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures December 31, 2038, secured by a deed of trust on the project.	450,000
Loan payable to Colorado Housing and Finance Authority, interest at 6.06 percent, monthly principal and interest payments due in the amount of \$10,096, matures February 1, 2022, secured by a deed of trust on the project.	1,332,324
Note payable to Colorado Housing and Finance Authority, interest at 1.60 percent, monthly principal and interest payments due in the amount of \$1,756, matures February 1, 2022, secured by a deed of trust on the project.	332,084

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 9 - Long-Term Obligations - Continued

Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	\$ 800,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	377,170
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	90,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, matures April 30, 2034, secured by a deed of trust on the project.	131,830
Note payable to Wells Fargo Bank, National Association (Wells Fargo), interest at 1.55 percent plus the One-Month LIBOR Rate, interest payment due monthly, matures April 1, 2018.	1,232,649
Matured payable to Grand Junction Housing Authority, interest at 5.00 percent, principal and interest payments due at maturity date of December 31, 2046	\$ 136,000
Matured payable to Grand Junction Housing Authority, interest at 5.00 percent, principal and interest payments due at maturity date of December 31, 2046	331,721
Matured payable to Grand Junction Housing Authority, interest at 5.00 percent, principal and interest payments due at maturity date of December 31, 2046	800,000
Note payable to bank, interest at 5.19 percent, interest payments, due monthly, matures October 21, 2034, secured by a deed of trust on the project.	2,382,178
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, maturities at December 31, 2042, secured by deed of trust on the project.	720,000
Note payable to Grand Junction Housing Authority, interest at 5.10 percent, payments due to the extent of excess cash flow, maturities at December 31, 2042, secured by deed of trust on the project.	320,000
TOTAL DISCOUNTED NOTES PAYABLE	13,339,801
Less unamortized debt issuance costs	(60,301)
TOTAL NOTES PAYABLE	13,279,500
Less current portion	(1,333,630)
LONG-TERM PORTION	<u>\$11,945,870</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 9 - Long-Term Obligations - Continued

Maturities of Long-Term Debt

Maturities of the long-term debt at December 31, 2017, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>UNAMORTIZED DEBT ISSUANCE COSTS</u>	<u>INTEREST</u>
2018	\$ 1,362,006	\$ (33,714)	\$ 338,474
2019	135,991	(5,337)	323,818
2020	142,662	(5,338)	318,039
2021	150,393	(5,337)	308,196
2022	1,505,353	(7,313)	244,594
2023-2027	517,386	(3,262)	1,110,025
2028-2032	1,888,192	-	783,655
2033-2037	2,858,291	-	237,334
2038-2042	3,511,806	-	-
2043-2047	1,267,721	-	-
	<u>\$13,339,801</u>	<u>\$ (60,301)</u>	<u>\$ 3,664,135</u>

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

NOTE 10 - Pension Plan

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

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

Substantially all employees must participate in the retirement plan. Employees are required to contribute 7.65 percent of their salary. The Housing Authority is required to contribute 9.65 percent of an employee's salary. The Housing Authority's actual contribution was \$201,934 for the year ended September 30, 2017. Total employee contributions for the year ended September 30, 2017 were \$172,043.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 SEPTEMBER 30, 2017

NOTE 11 - Component Unit Developer Fee Payable

Pursuant to the Development Services Agreement for the Village Park Project, dated October 25, 2012, the Housing Authority of the City of Grand Junction, as General Partner, is entitled to receive a developer fee equal to \$1,409,908 for services rendered in connection with the development of the Village Park Project. The General Partner is also entitled to an additional incentive developer fee equal to the excess of projected development costs eligible for low-income housing tax credits over the Partnership's aggregate expenditures for such items. During 2013, the incentive developer fee was \$67,935. Any unpaid portion of the fee shall accrue interest at a rate of 5.10 percent per annum. The fee shall be paid subject to the terms of the Partnership Agreement. The Partnership is obligated to repay any unpaid developer fee and unpaid interest on or before December 31, 2024. As of December 31, 2017, the Developer had earned \$1,477,843 and was owed \$119,539.

Pursuant to the Development Services Agreement for the Arbor Vista Project, dated March 26, 2008, the Housing Authority of the City of Grand Junction, as General Partner, is entitled to receive a developer fee equal to \$844,250 for services rendered in connection with the development of the Arbor Vista Project. The General Partner is also entitled to an additional incentive developer fee equal to the excess of projected development costs eligible for low-income housing tax credits over the Partnership's aggregate expenditures for such items. Any unpaid portion of the fee shall accrue interest at a rate of 5.10 percent per annum. The fee shall be paid subject to the terms of the Partnership Agreement. The Partnership is obligated to repay any unpaid developer fee and unpaid interest on or before December 31, 2024. As of December 31, 2017, the Developer had earned \$844,250 and was owed \$311,695.

Pursuant to the Amended and Restated Agreement of Limited Partnership of The Highlands Project, dated April 1, 2016, the Housing Authority of the City of Grand Junction, as General Partner, is entitled to receive a developer fee equal to \$1,600,000 for services rendered in connection with the development of The Highlands Project. The General Partner is also entitled to an additional incentive developer fee equal to the excess of projected development costs eligible for low-income housing tax credits over the Partnership's aggregate expenditures for such items. Any unpaid portion of the fee shall accrue. The fee shall be paid subject to the terms of the Partnership Agreement. The Partnership is obligated to repay any unpaid developer fee and unpaid interest on or before December 31, 2032. As of December 31, 2017, the Developer had earned \$1,600,000 and was owed \$559,900.

NOTE 12 - Rent Under Operating Lease

The following is a schedule by years of minimum future rental income on a noncancelable operating lease as of September 30, 2017:

Year ending September 30:	
2018	\$ 113,212
2019	115,476
2020	117,786
2021	120,141
2022	122,544
2023-2024	220,141
TOTAL	<u>\$ 809,300</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 SEPTEMBER 30, 2017

NOTE 13 - Risk Management

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

NOTE 14 - Net Position

The following is a summary of individual net position restrictions at September 30, 2017:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
<u>Restricted</u>		
Ratekin Tower	Replacement and insurance reserve accounts	\$ 268,641
Section 8 Housing Choice Vouchers	Future HAP expenditures	278,196
		<u>\$ 546,837</u>

The following is a summary of individual net position restrictions at December 31, 2017 for the Component Units:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
<u>Restricted</u>		
Arbor Vista, LLLP	Replacement, insurance, and operating reserves	\$ 422,008
Linden Pointe, LLLP	Replacement and insurance reserves	52,824
Village Park, LLLP	Replacement and operating reserves	329,551
The Highlands, LLP	Replacement reserve	332
		<u>\$ 804,715</u>

NOTE 15 - Economic Dependency

The Housing Authority received approximately 69 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

NOTE 16 - Prior Period Adjustments - Component Unit

The prior period adjustment for the Component Unit is to record beginning balances for The Highlands, LLP.

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

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

ASSETS	LOCAL/STATE											
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
CURRENT ASSETS												
Cash and investments	\$ 1,437,244	\$ (28,262)	\$ 6,412	\$ 228,307	\$ 25,769	\$ 43,838	\$ (31,748)	\$ (45,780)	\$ 212,404	\$ 1,346	\$ 5,012	\$ 5,568
Cash and investments - restricted	-	1,200	-	7,250	-	5,000	1,809	16,575	24,516	29,748	-	-
Receivables												
Tenants, net of allowance for doubtful accounts	-	99	-	851	-	-	(1)	4,402	1,870	4,732	-	-
Interest	894,141	-	1,675,951	-	-	-	-	-	-	-	-	-
Other, net of allowance for doubtful accounts	391,184	-	861,421	-	3,900	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	20,061	-	-	-	-	-	-	-
Due from other programs	448,957	150	81,416	13,199	-	-	-	1,295	2,771	-	-	-
Prepaid expenses	23,518	-	-	-	-	-	-	-	-	-	-	-
Current portion of notes receivable	540,303	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	3,735,347	(26,813)	2,625,200	249,607	49,730	48,838	(29,940)	(23,508)	241,561	35,826	5,012	5,568
NONCURRENT ASSETS												
Notes receivable	2,855,395	-	4,779,527	-	-	-	-	-	-	-	-	-
Investment in The Highlands, LLP	-	-	254,434	-	-	-	-	-	-	-	-	-
Land	453,785	169,199	800,583	54,735	-	290,008	120,000	183,092	80,077	290,337	-	-
Land improvements	842,532	-	-	8,496	-	2,581	2,175	297,603	33,073	-	-	-
Buildings and improvements	2,843,164	295,254	-	450,728	-	1,030,122	391,288	1,945,463	2,961,082	4,715,475	-	-
Equipment	720,025	-	-	28,040	7,646	65,835	-	-	100,041	155,392	-	-
Less accumulated depreciation	(530,871)	(120,695)	-	(253,534)	(7,646)	(325,349)	(148,642)	(670,882)	(2,338,172)	(238,051)	-	-
TOTAL NONCURRENT ASSETS	7,184,030	343,758	5,834,544	288,465	-	1,063,197	364,821	1,755,276	836,101	4,923,153	-	-
TOTAL ASSETS	\$ 10,919,377	\$ 316,945	\$ 8,459,744	\$ 538,072	\$ 49,730	\$ 1,112,035	\$ 334,881	\$ 1,731,768	\$ 1,077,662	\$ 4,958,979	\$ 5,012	\$ 5,568

(Continued on page 34)

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2017

	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
ASSETS									
CURRENT ASSETS									
Cash and investments	\$ 177,896	\$ 250,793	\$ (23,598)	\$ (3,058)	\$ 616,451	\$ (44,859)	\$ 30,531	\$ -	\$ 2,864,266
Cash and investments - restricted	303,003	25,976	-	-	344,202	-	-	-	759,279
Receivables									
Tenants, net of allowance for doubtful accounts	705	3,061	-	-	-	-	-	-	15,719
Interest	-	-	-	-	-	-	-	(312,293)	2,257,799
Other, net of allowance for doubtful accounts	-	-	-	196	8,441	-	-	-	1,265,142
Due from other governments	-	-	11,291	6,987	18,282	44,859	-	-	101,480
Due from other programs	-	2,380	-	-	-	-	-	(550,168)	-
Prepaid expenses	5,283	-	-	-	-	-	-	-	28,801
Current portion of notes receivable	-	-	-	-	-	-	-	-	540,303
TOTAL CURRENT ASSETS	486,887	282,210	(12,307)	4,125	987,376	-	30,531	(862,461)	7,832,789
NONCURRENT ASSETS									
Notes receivable	-	-	-	-	-	-	-	(947,208)	6,687,714
Investment in The Highlands, LLP	-	-	-	-	-	-	-	-	254,434
Land	485,530	77,974	-	-	-	-	-	-	3,005,320
Land improvements	13,300	272,420	-	-	-	-	-	-	1,472,180
Buildings and improvements	6,327,725	3,715,954	-	-	-	-	-	-	24,676,255
Equipment	424,067	200,226	3,532	1,278	172,896	-	-	-	1,878,978
Less accumulated depreciation	(5,108,552)	(2,667,413)	(1,972)	(1,278)	(139,630)	-	-	-	(12,552,687)
TOTAL NONCURRENT ASSETS	2,142,070	1,599,161	1,560	-	33,266	-	-	(947,208)	25,422,194
TOTAL ASSETS	\$ 2,628,957	\$ 1,881,371	\$ (10,747)	\$ 4,125	\$ 1,020,642	\$ -	\$ 30,531	\$ (1,809,669)	\$ 33,254,983

(Continued on page 35)

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2017

LIABILITIES AND NET POSITION	LOCAL/STATE											
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
CURRENT LIABILITIES												
Accounts payable	\$ 7,947	\$ 403	\$ 580	\$ 3	\$ 113	\$ 20	\$ 126	\$ 879	\$ 7,999	\$ 2,682	\$ 84	\$ 109
Accrued expenses	25,706	492	11,170	261	1,807	2,035	132	821	313,033	2,687	1,066	2,400
Compensated absences	7,176	3	2,545	14	442	-	4	41	100	321	461	306
Unearned revenue	18,693	559	-	441	-	-	15	5,606	3,458	3,200	-	-
Due to other programs	88,711	-	-	-	-	60,856	55,407	285,332	-	1,464	-	-
Tenants' security deposits	-	1,200	-	7,250	-	5,000	1,809	16,575	24,516	29,748	-	-
Current portion of notes payable	76,917	94,671	-	-	-	45,953	10,633	62,205	25,017	680,715	-	-
TOTAL CURRENT LIABILITIES	225,150	97,328	14,295	7,969	2,362	113,864	68,126	371,459	374,123	720,817	1,611	2,815
NONCURRENT LIABILITIES												
Investment in Linden Pointe, LLLP	441	-	-	-	-	-	-	-	-	-	-	-
Investment in Arbor Vista, LLLP	486	-	-	-	-	-	-	-	-	-	-	-
Investment in Village Park, LLLP	169	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	64,579	24	22,905	125	3,981	-	40	365	898	2,884	4,153	2,753
Tenants' FSS escrow	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable, net of discount	2,524,573	117,603	326,712	-	-	1,044,268	71,339	178,486	1,128,027	3,778,211	-	-
TOTAL NONCURRENT LIABILITIES	2,590,248	117,627	349,617	125	3,981	1,044,268	71,379	178,851	1,128,925	3,781,095	4,153	2,753
TOTAL LIABILITIES	2,815,398	214,955	363,912	8,094	6,343	1,158,132	139,505	550,310	1,503,048	4,501,912	5,764	5,568
NET POSITION												
Net investment in capital assets	1,727,145	131,484	473,871	288,465	-	(27,024)	282,849	1,514,585	(316,943)	464,227	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,376,834	(29,494)	7,621,961	241,513	43,387	(19,073)	(87,473)	(333,127)	(108,443)	(7,160)	(752)	-
TOTAL NET POSITION	8,103,979	101,990	8,095,832	529,978	43,387	(46,097)	195,376	1,181,458	(425,386)	457,067	(752)	-
TOTAL LIABILITIES AND NET POSITION	\$ 10,919,377	\$ 316,945	\$ 8,459,744	\$ 538,072	\$ 49,730	\$ 1,112,035	\$ 334,881	\$ 1,731,768	\$ 1,077,662	\$ 4,958,979	\$ 5,012	\$ 5,568

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HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2017

	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
LIABILITIES AND NET POSITION									
CURRENT LIABILITIES									
Accounts payable	\$ 6,683	\$ 6,154	\$ 1,349	\$ 189	\$ 2,007	\$ 79	\$ 12,259	\$ -	\$ 49,665
Accrued expenses	81,595	2,372	984	1,285	9,291	1,284	-	(312,293)	146,128
Compensated absences	278	264	11	264	2,562	142	-	-	14,934
Unearned revenue	792	8,079	-	-	-	-	-	-	40,843
Due to other programs	29,567	-	-	-	-	28,831	-	(550,168)	-
Tenants' security deposits	34,362	25,976	-	-	-	-	-	-	146,436
Current portion of notes payable	72,331	154,167	-	-	-	-	-	-	1,222,609
TOTAL CURRENT LIABILITIES	225,608	197,012	2,344	1,738	13,860	30,336	12,259	(862,461)	1,620,615
NONCURRENT LIABILITIES									
Investment in Linden Pointe, LLLP	-	-	-	-	-	-	-	-	441
Investment in Arbor Vista, LLLP	-	-	-	-	-	-	-	-	486
Investment in Village Park, LLLP	-	-	-	-	-	-	-	-	169
Compensated absences	2,498	2,372	99	2,373	23,059	1,275	-	-	134,383
Tenants' FSS escrow	-	-	-	-	66,006	-	-	-	66,006
Notes payable, net of discount	3,837,517	13,308	-	-	-	-	-	(947,208)	12,072,836
TOTAL NONCURRENT LIABILITIES	3,840,015	15,680	99	2,373	89,065	1,275	-	(947,208)	12,274,321
TOTAL LIABILITIES	4,065,623	212,692	2,443	4,111	102,925	31,611	12,259	(1,809,669)	13,894,936
NET POSITION									
Net investment in capital assets	(1,767,778)	1,431,686	1,560	-	33,266	-	-	947,208	5,184,601
Restricted	268,641	-	-	-	278,196	-	-	-	546,837
Unrestricted	62,471	236,993	(14,750)	14	606,255	(31,611)	18,272	(947,208)	13,628,609
TOTAL NET POSITION	(1,436,666)	1,668,679	(13,190)	14	917,717	(31,611)	18,272	-	19,360,047
TOTAL LIABILITIES AND NET POSITION	\$ 2,628,957	\$ 1,881,371	\$ (10,747)	\$ 4,125	\$ 1,020,642	\$ -	\$ 30,531	\$ (1,809,669)	\$ 33,254,983

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

	LOCAL/STATE											
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
OPERATING REVENUE												
Dwelling rental	\$ -	\$ 23,440	\$ -	\$ 88,417	\$ -	\$ -	\$ 37,670	\$ 190,228	\$ 296,921	\$ 634,090	\$ -	\$ -
Operating grants	-	-	104,469	-	20,587	-	-	-	-	145,083	-	118,605
Other operating revenue	<u>2,831,941</u>	<u>887</u>	<u>27,338</u>	<u>2,742</u>	<u>89,766</u>	<u>110,992</u>	<u>701</u>	<u>19,210</u>	<u>6,933</u>	<u>10,577</u>	<u>56,003</u>	<u>-</u>
TOTAL OPERATING REVENUE	<u>2,831,941</u>	<u>24,327</u>	<u>131,807</u>	<u>91,159</u>	<u>110,353</u>	<u>110,992</u>	<u>38,371</u>	<u>209,438</u>	<u>303,854</u>	<u>789,750</u>	<u>56,003</u>	<u>118,605</u>
OPERATING EXPENSES												
Administration	815,884	11,919	284,317	25,400	106,785	3,592	6,312	48,830	79,742	205,749	56,744	121,323
Tenant services	72	-	-	-	-	-	-	60	515	1,027	-	29
Utilities	11,806	1,500	762	9,134	1,326	-	4,849	21,804	20,673	92,003	-	255
Maintenance and operations	666,773	22,337	1,858	40,047	2,989	2,397	12,840	86,791	159,741	182,089	-	1,264
General expenses	143	568	1	2,010	-	-	64	13,651	5,817	9,671	-	-
Insurance	45,403	637	1,279	2,275	867	443	1,034	5,222	8,235	11,500	503	1,050
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	<u>200,002</u>	<u>10,055</u>	<u>794</u>	<u>12,890</u>	<u>-</u>	<u>40,900</u>	<u>14,374</u>	<u>85,373</u>	<u>111,754</u>	<u>143,469</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>1,740,083</u>	<u>47,016</u>	<u>289,011</u>	<u>91,756</u>	<u>111,967</u>	<u>47,332</u>	<u>39,473</u>	<u>261,731</u>	<u>386,477</u>	<u>645,508</u>	<u>57,247</u>	<u>123,921</u>
OPERATING INCOME (LOSS)	<u>1,091,858</u>	<u>(22,689)</u>	<u>(157,204)</u>	<u>(597)</u>	<u>(1,614)</u>	<u>63,660</u>	<u>(1,102)</u>	<u>(52,293)</u>	<u>(82,623)</u>	<u>144,242</u>	<u>(1,244)</u>	<u>(5,316)</u>
NONOPERATING REVENUE (EXPENSE)												
Interest income	125,996	-	333,655	737	95	157	-	7	912	132	17	6
Gain (loss) on sale of capital assets	248,663	-	(2,685)	-	-	-	-	-	-	-	-	-
Operating transfers in (out)	(1,429,460)	-	1,151,853	-	-	-	-	-	-	536,418	-	5,310
Interest expense	<u>(73,627)</u>	<u>(6,021)</u>	<u>(16,157)</u>	<u>-</u>	<u>-</u>	<u>(33,825)</u>	<u>(2,661)</u>	<u>(10,465)</u>	<u>(31,358)</u>	<u>(163,027)</u>	<u>-</u>	<u>-</u>
NET NONOPERATING (EXPENSE) REVENUE	<u>(1,128,428)</u>	<u>(6,021)</u>	<u>1,466,666</u>	<u>737</u>	<u>95</u>	<u>(33,668)</u>	<u>(2,661)</u>	<u>(10,458)</u>	<u>(30,446)</u>	<u>373,523</u>	<u>17</u>	<u>5,316</u>
CHANGE IN NET POSITION	<u>(36,570)</u>	<u>(28,710)</u>	<u>1,309,462</u>	<u>140</u>	<u>(1,519)</u>	<u>29,992</u>	<u>(3,763)</u>	<u>(62,751)</u>	<u>(113,069)</u>	<u>517,765</u>	<u>(1,227)</u>	<u>-</u>
NET POSITION AT BEGINNING OF YEAR	<u>8,140,549</u>	<u>130,700</u>	<u>6,786,370</u>	<u>529,838</u>	<u>44,906</u>	<u>(76,089)</u>	<u>199,139</u>	<u>1,244,209</u>	<u>(312,317)</u>	<u>(60,698)</u>	<u>475</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 8,103,979</u>	<u>\$ 101,990</u>	<u>\$ 8,095,832</u>	<u>\$ 529,978</u>	<u>\$ 43,387</u>	<u>\$ (46,097)</u>	<u>\$ 195,376</u>	<u>\$ 1,181,458</u>	<u>\$ (425,386)</u>	<u>\$ 457,067</u>	<u>\$ (752)</u>	<u>\$ -</u>

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HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued
YEAR ENDED SEPTEMBER 30, 2017

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
OPERATING REVENUE										
Dwelling rental	\$ -	\$ 322,122	\$ 302,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,895,664
Operating grants	-	558,922	381,632	53,627	6,361	7,541,635	334,813	15,239	(5,962)	9,275,011
Other operating revenue	-	59,003	6,847	2,971	-	32,979	-	44,330	(1,026,514)	2,276,706
TOTAL OPERATING REVENUE	-	940,047	691,255	56,598	6,361	7,574,614	334,813	59,569	(1,032,476)	13,447,381
OPERATING EXPENSES										
Administration	-	304,925	214,209	62,811	12,185	707,125	74,630	18,922	(559,864)	2,601,540
Tenant services	-	703	2,973	-	57,145	40	27,096	45,673	-	135,333
Utilities	-	105,685	96,810	-	454	12,200	425	-	-	379,686
Maintenance and operations	-	241,815	272,689	-	1,119	32,010	834	-	(444,734)	1,282,859
General expenses	-	38,655	6,495	-	-	20,143	-	-	(27,878)	69,340
Insurance	-	37,567	12,197	445	606	6,029	605	-	-	135,897
Housing assistance payments	-	-	-	-	-	6,463,847	243,222	-	-	6,707,069
Depreciation	-	185,598	80,279	353	-	34,332	-	-	-	920,173
TOTAL OPERATING EXPENSES	-	914,948	685,652	63,609	71,509	7,275,726	346,812	64,595	(1,032,476)	12,231,897
OPERATING INCOME (LOSS)	-	25,099	5,603	(7,011)	(65,148)	298,888	(11,999)	(5,026)	-	1,215,484
NONOPERATING REVENUE (EXPENSE)										
Interest income	960	644	1,188	-	1	1,383	-	90	-	465,980
Loss on sale of capital assets	-	-	-	-	-	1,547	-	-	-	247,525
Operating transfers in (out)	(260,448)	-	-	-	65,147	(70,457)	1,637	-	-	-
Interest expense	-	(50,195)	(7,502)	-	-	-	-	-	-	(394,838)
NET NONOPERATING (EXPENSE) REVENUE	(259,488)	(49,551)	(6,314)	-	65,148	(67,527)	1,637	90	-	318,667
CHANGE IN NET POSITION	(259,488)	(24,452)	(711)	(7,011)	-	231,361	(10,362)	(4,936)	-	1,534,151
NET POSITION AT BEGINNING OF YEAR	259,488	(1,412,214)	1,669,390	(6,179)	14	686,356	(21,249)	23,208	-	17,825,896
NET POSITION AT END OF YEAR	\$ -	\$ (1,436,666)	\$ 1,668,679	\$ (13,190)	\$ 14	\$ 917,717	\$ (31,611)	\$ 18,272	\$ -	\$ 19,360,047

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

	LOCAL/STATE											
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash received from tenants/participants	\$ -	\$ 24,115	\$ -	\$ 88,238	\$ -	\$ -	\$ 37,900	\$ 192,498	\$ 299,008	\$ 628,160	\$ -	\$ -
Cash received from operating grants	-	-	104,469	303	4,438	-	-	-	-	145,083	-	118,605
Other income received	2,577,125	887	(673,903)	2,439	89,766	110,992	701	19,210	6,933	10,577	56,003	-
Cash received from (payments for) interprogram services	864,424	(150)	(414,402)	(699)	-	(18,000)	-	(1,295)	(2,771)	(438,671)	-	-
Cash payments to vendors	(773,852)	(35,078)	(103,204)	(74,200)	(38,829)	(6,479)	(24,283)	(159,593)	(252,127)	(432,601)	(19,828)	(45,803)
Cash payments to employees	(965,205)	(1,578)	(173,004)	(5,499)	(63,615)	-	(2,104)	(16,756)	(20,767)	(82,919)	(36,685)	(77,937)
Cash payments for housing assistance	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,702,492</u>	<u>(11,804)</u>	<u>(1,260,044)</u>	<u>10,582</u>	<u>(8,240)</u>	<u>86,513</u>	<u>12,214</u>	<u>34,064</u>	<u>30,276</u>	<u>(170,371)</u>	<u>(510)</u>	<u>(5,135)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES												
Notes receivable	(576,109)	-	(104,469)	-	-	-	-	-	-	-	-	-
Acquisition of capital assets	(34,113)	-	-	-	-	-	-	-	(159)	(106,455)	-	-
Proceeds from sale of capital assets	524,647	-	-	-	-	-	-	-	-	-	-	-
Principal payments	(62,510)	(7,807)	-	-	-	(44,580)	(10,351)	(65,270)	(24,552)	(97,530)	-	-
Interest paid	(73,627)	(6,021)	(256)	-	-	(33,825)	(2,661)	(10,465)	(31,358)	(163,027)	-	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(221,712)</u>	<u>(13,828)</u>	<u>(104,725)</u>	<u>-</u>	<u>-</u>	<u>(78,405)</u>	<u>(13,012)</u>	<u>(75,735)</u>	<u>(56,069)</u>	<u>(367,012)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES												
Equity transfers	(235,021)	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out) in	(1,429,460)	-	1,151,853	-	-	-	-	-	-	536,418	-	5,310
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,664,481)</u>	<u>-</u>	<u>1,151,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>536,418</u>	<u>-</u>	<u>5,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES												
Interest received	91,266	-	22,972	737	95	157	-	7	912	132	17	6
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(92,435)	(25,632)	(189,944)	11,319	(8,145)	8,265	(798)	(41,664)	(24,881)	(833)	(493)	181
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,529,679</u>	<u>(1,430)</u>	<u>196,356</u>	<u>224,238</u>	<u>33,914</u>	<u>40,573</u>	<u>(29,141)</u>	<u>12,459</u>	<u>261,801</u>	<u>31,927</u>	<u>5,505</u>	<u>5,387</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,437,244</u>	<u>\$ (27,062)</u>	<u>\$ 6,412</u>	<u>\$ 235,557</u>	<u>\$ 25,769</u>	<u>\$ 48,838</u>	<u>\$ (29,939)</u>	<u>\$ (29,205)</u>	<u>\$ 236,920</u>	<u>\$ 31,094</u>	<u>\$ 5,012</u>	<u>\$ 5,568</u>

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HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED SEPTEMBER 30, 2017

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash received from tenants/participants	\$ -	\$ 320,204	\$ 303,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,893,932
Cash received from operating grants	-	558,922	381,632	48,153	(626)	7,935,461	317,044	15,239	-	9,628,723
Other income received	-	59,003	6,847	2,971	-	32,979	-	44,330	(1,026,514)	1,320,346
Cash received from (payments for) interprogram services	-	13,944	591	(2,971)	-	-	-	-	-	-
Cash payments to vendors	-	(657,373)	(525,373)	(28,915)	(26,478)	(424,685)	(59,002)	(53,999)	1,026,514	(2,715,188)
Cash payments to employees	-	(85,409)	(81,374)	(33,395)	(44,695)	(355,658)	(44,849)	-	-	(2,091,449)
Cash payments for housing assistance	-	-	-	-	-	(6,463,847)	(243,222)	-	-	(6,707,069)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	-	209,291	86,132	(14,157)	(71,799)	724,250	(30,029)	5,570	-	1,329,295
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Notes receivable	-	-	-	-	-	-	-	-	-	(680,578)
Acquisition of capital assets	-	(22,925)	(31,031)	-	-	-	-	-	-	(194,683)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	524,647
Principal payments	-	(71,074)	(149,508)	-	-	-	-	-	-	(533,182)
Interest paid	-	(25,233)	(7,502)	-	-	-	-	-	-	(353,975)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(119,232)	(188,041)	-	-	-	-	-	-	(1,237,771)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Equity transfers	-	-	-	-	-	235,021	-	-	-	-
Operating transfers in (out)	(260,448)	-	-	-	65,147	(70,457)	1,637	-	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(260,448)	-	-	-	65,147	164,564	1,637	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest received	960	644	1,188	-	1	1,383	-	90	-	120,567
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(259,488)	90,703	(100,721)	(14,157)	(6,651)	890,197	(28,392)	5,660	-	212,091
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>259,488</u>	<u>390,196</u>	<u>377,490</u>	<u>(9,441)</u>	<u>3,593</u>	<u>70,456</u>	<u>(16,467)</u>	<u>24,871</u>	<u>-</u>	<u>3,411,454</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ 480,899</u>	<u>\$ 276,769</u>	<u>\$ (23,598)</u>	<u>\$ (3,058)</u>	<u>\$ 960,653</u>	<u>\$ (44,859)</u>	<u>\$ 30,531</u>	<u>\$ -</u>	<u>\$ 3,623,545</u>

(Continued on page 41)

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED SEPTEMBER 30, 2017

	LOCAL/STATE											
	GENERAL ADMINISTRATION	SCATTERED SITES	ACQUISITIONS AND DEVELOPMENT	LINCOLN	CMCH	MONUMENT BUSINESS CENTER	BOOKCLIFF	COURTYARD APARTMENTS	CRYSTAL BROOK	NELLIE BECHTEL	HOUSING SERVICE COORDINATOR	HOUSING ADVOCATE
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION												
Cash and investments	\$ 1,437,244	\$ (28,262)	\$ 6,412	\$ 228,307	\$ 25,769	\$ 43,838	\$ (31,748)	\$ (45,780)	\$ 212,404	\$ 1,346	\$ 5,012	\$ 5,568
Cash and investments - restricted	-	1,200	-	7,250	-	5,000	1,809	16,575	24,516	29,748	-	-
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 1,437,244	\$ (27,062)	\$ 6,412	\$ 235,557	\$ 25,769	\$ 48,838	\$ (29,939)	\$ (29,205)	\$ 236,920	\$ 31,094	\$ 5,012	\$ 5,568
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES												
Operating income (loss)	\$ 1,091,858	\$ (22,689)	\$ (157,204)	\$ (597)	\$ (1,614)	\$ 63,660	\$ (1,102)	\$ (52,293)	\$ (82,623)	\$ 144,242	\$ (1,244)	\$ (5,316)
Adjustments to reconcile operating income (loss to) net cash (used in) provided by operating activities												
Depreciation	200,002	10,055	794	12,890	-	40,900	14,374	85,373	111,754	143,469	-	-
Changes in assets and liabilities												
(Increase) decrease in assets												
Accounts receivable	(254,959)	166	(701,242)	(336)	7,475	-	326	(1,476)	522	276	-	-
Due from other governments	-	-	-	-	(16,149)	-	-	-	-	-	-	-
Due from other programs	857,129	(150)	-	(699)	-	-	-	(1,295)	(2,771)	-	-	-
Prepaid expenses	(23,518)	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	1	-	-	-	-	-	-	-	-	-
(Decrease) increase in liabilities												
Accounts payable - operations	(175,023)	216	(1,817)	(486)	(630)	21	(1,367)	90	(22,165)	(589)	(52)	(125)
Accrued expenses	(292)	89	13,826	(347)	2,678	(68)	79	(81)	23,994	(12,892)	786	306
Unearned revenue	-	559	-	(88)	-	-	5	4,453	2,880	(4,491)	-	-
Due to other programs	7,295	-	(414,402)	-	-	(18,000)	-	-	-	(438,671)	-	-
Tenants' security deposits	-	(50)	-	245	-	-	(101)	(707)	(1,315)	(1,715)	-	-
Tenants' FSS escrow	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 1,702,492	\$ (11,804)	\$ (1,260,044)	\$ 10,582	\$ (8,240)	\$ 86,513	\$ 12,214	\$ 34,064	\$ 30,276	\$ (170,371)	\$ (510)	\$ (5,135)

(Continued on page 42)

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED SEPTEMBER 30, 2017

	PUBLIC HOUSING	SECTION 8 NEW CONSTRUCTION			SECTION 8		HOME	DOORS 2 SUCCESS	ELIMINATING ENTRY	TOTAL
	CAPITAL TERRACE	RATEKIN TOWER	WALNUT PARK	SERVICE COORDINATOR	FSS	HOUSING CHOICE VOUCHERS	TBRA			
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION										
Cash and investments	\$ -	\$ 177,896	\$ 250,793	\$ (23,598)	\$ (3,058)	\$ 616,451	\$ (44,859)	\$ 30,531	\$ -	\$ 2,864,266
Cash and investments - restricted	-	303,003	25,976	-	-	344,202	-	-	-	759,279
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ -	\$ 480,899	\$ 276,769	\$ (23,598)	\$ (3,058)	\$ 960,653	\$ (44,859)	\$ 30,531	\$ -	\$ 3,623,545
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES										
Operating income (loss)	\$ -	\$ 25,099	\$ 5,603	\$ (7,011)	\$ (65,148)	\$ 298,888	\$ (11,999)	\$ (5,026)	\$ -	\$ 1,215,484
Adjustments to reconcile operating income (loss to) net cash provided by (used in) operating activities										
Depreciation	-	185,598	80,279	353	-	34,332	-	-	-	920,173
Changes in assets and liabilities										
(Increase) decrease in assets										
Accounts receivable	-	1,352	(1,665)	-	(158)	320	-	-	-	(949,399)
Due from other governments	-	-	-	(5,474)	(6,987)	393,826	(17,769)	-	-	347,447
Due from other programs	-	-	591	-	-	-	-	-	(852,805)	-
Prepaid expenses	-	(117)	-	-	-	-	-	-	-	(23,635)
Other Assets	-	-	-	-	-	-	-	-	-	1
Increase (decrease) in liabilities										
Accounts payable - operations	-	(13,382)	(1,103)	1,252	(9)	(15,080)	(505)	10,596	-	(220,158)
Accrued expenses	-	559	(271)	(306)	503	6,438	244	-	-	35,245
Unearned revenue	-	(492)	5,993	-	-	-	-	-	-	8,819
Due to other programs	-	13,944	-	(2,971)	-	-	-	-	852,805	-
Tenants' security deposits	-	(3,270)	(3,295)	-	-	-	-	-	-	(10,208)
Tenants' FSS escrow	-	-	-	-	-	5,526	-	-	-	5,526
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ -	\$ 209,291	\$ 86,132	\$ (14,157)	\$ (71,799)	\$ 724,250	\$ (30,029)	\$ 5,570	\$ -	\$ 1,329,295

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2017

<u>ASSETS</u>	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	THE HIGHLANDS LLP	TOTAL
CURRENT ASSETS					
Cash and cash equivalents	\$ 123,444	\$ 279,920	\$ 54,299	\$ 22,176	\$ 479,839
Cash and cash equivalents - restricted	475,448	122,329	387,470	38,801	1,024,048
Receivables - tenants	<u>12,272</u>	<u>10,410</u>	<u>5,867</u>	<u>5,770</u>	<u>34,319</u>
TOTAL CURRENT ASSETS	<u>611,164</u>	<u>412,659</u>	<u>447,636</u>	<u>66,747</u>	<u>1,538,206</u>
NONCURRENT ASSETS					
Other assets, net of accumulated amortization	38,440	4,774	52,988	152,257	248,459
Land	1,062,457	323,812	720,000	390,335	2,496,604
Land improvements	1,834,146	1,918,800	1,267,446	1,423,374	6,443,766
Buildings and improvements	10,771,424	8,038,070	12,109,011	14,536,440	45,454,945
Equipment	160,557	455,409	339,991	284,626	1,240,583
Less accumulated depreciation	<u>(4,780,686)</u>	<u>(4,655,140)</u>	<u>(1,954,052)</u>	<u>(308,595)</u>	<u>(11,698,473)</u>
TOTAL NONCURRENT ASSETS	<u>9,086,338</u>	<u>6,085,725</u>	<u>12,535,384</u>	<u>16,478,437</u>	<u>44,185,884</u>
TOTAL ASSETS	<u>\$ 9,697,502</u>	<u>\$ 6,498,384</u>	<u>\$ 12,983,020</u>	<u>\$ 16,545,184</u>	<u>\$ 45,724,090</u>
<u>LIABILITIES AND NET POSITION</u>					
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 94	\$ 3,416	\$ 4,549	\$ 990	\$ 9,049
Accrued expenses	1,452,157	606,987	321,621	98,844	2,479,609
Due to other governments	22,649	32,321	34,547	75,396	164,913
Unearned revenue	4,651	3,425	1,920	-	9,996
Tenants' security deposits	53,440	69,505	57,919	38,469	219,333
Current portion of notes payable	<u>30,326</u>	<u>57,429</u>	<u>41,602</u>	<u>1,204,273</u>	<u>1,333,630</u>
TOTAL CURRENT LIABILITIES	<u>1,563,317</u>	<u>773,083</u>	<u>462,158</u>	<u>1,417,972</u>	<u>4,216,530</u>
NONCURRENT LIABILITIES					
Developer fee payable	311,695	-	119,535	599,900	1,031,130
Notes payable	<u>4,307,094</u>	<u>2,990,479</u>	<u>3,380,576</u>	<u>1,267,721</u>	<u>11,945,870</u>
TOTAL NONCURRENT LIABILITIES	<u>4,618,789</u>	<u>2,990,479</u>	<u>3,500,111</u>	<u>1,867,621</u>	<u>12,977,000</u>
TOTAL LIABILITIES	<u>6,182,106</u>	<u>3,763,562</u>	<u>3,962,269</u>	<u>3,285,593</u>	<u>17,193,530</u>
NET POSITION					
Net investment in capital assets	4,710,478	3,033,043	9,060,218	13,854,186	30,657,925
Restricted	422,008	52,824	329,551	332	804,715
Unrestricted	<u>(1,617,090)</u>	<u>(351,045)</u>	<u>(369,018)</u>	<u>(594,927)</u>	<u>(2,932,080)</u>
TOTAL NET POSITION	<u>3,515,396</u>	<u>2,734,822</u>	<u>9,020,751</u>	<u>13,259,591</u>	<u>28,530,560</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,697,502</u>	<u>\$ 6,498,384</u>	<u>\$ 12,983,020</u>	<u>\$ 16,545,184</u>	<u>\$ 45,724,090</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION - COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2017

	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	THE HIGHLANDS LLP	TOTAL
OPERATING REVENUE					
Dwelling rental	\$ 557,112	\$ 688,930	\$ 563,871	\$ 277,651	\$ 2,087,564
Other operating revenue	<u>11,378</u>	<u>45,210</u>	<u>22,147</u>	<u>17,425</u>	<u>96,160</u>
TOTAL OPERATING REVENUE	<u>568,490</u>	<u>734,140</u>	<u>586,018</u>	<u>295,076</u>	<u>2,183,724</u>
OPERATING EXPENSES					
Administration	145,494	179,206	173,182	171,689	669,571
Utilities	44,246	52,136	47,971	46,942	191,295
Maintenance and operations	112,288	219,883	121,871	91,169	545,211
General expenses	12,021	45,370	28,337	18,248	103,976
Insurance	17,477	24,921	22,173	17,263	81,834
Depreciation and amortization	<u>515,332</u>	<u>332,873</u>	<u>458,583</u>	<u>390,553</u>	<u>1,697,341</u>
TOTAL OPERATING EXPENSES	<u>846,858</u>	<u>854,389</u>	<u>852,117</u>	<u>735,864</u>	<u>3,289,228</u>
OPERATING (LOSS)	<u>(278,368)</u>	<u>(120,249)</u>	<u>(266,099)</u>	<u>(440,788)</u>	<u>(1,105,504)</u>
NONOPERATING REVENUE (EXPENSE)					
Interest income	618	963	1,316	814	3,711
Interest expense	<u>(317,903)</u>	<u>(188,531)</u>	<u>(194,678)</u>	<u>(104,123)</u>	<u>(805,235)</u>
NET NONOPERATING (EXPENSE)	<u>(317,285)</u>	<u>(187,568)</u>	<u>(193,362)</u>	<u>(103,309)</u>	<u>(801,524)</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(595,653)	(307,817)	(459,461)	(544,097)	(1,907,028)
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,150,100</u>	<u>11,150,100</u>
CHANGE IN NET POSITION	(595,653)	(307,817)	(459,461)	10,606,003	9,243,072
NET POSITION AT BEGINNING OF YEAR	4,111,049	3,042,639	9,480,212	-	16,633,900
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,653,588</u>	<u>2,653,588</u>
NET POSITION AT END OF YEAR	<u>\$ 3,515,396</u>	<u>\$ 2,734,822</u>	<u>\$ 9,020,751</u>	<u>\$ 13,259,591</u>	<u>\$ 28,530,560</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2017

	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	THE HIGHLANDS LLP	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from tenants/participants	\$ 560,132	\$ 692,919	\$ 565,826	\$ 316,452	\$ 2,135,329
Other income received	3,768	41,827	21,090	17,425	84,110
Cash payments to vendors	<u>(329,153)</u>	<u>(1,115,556)</u>	<u>(540,739)</u>	<u>(385,217)</u>	<u>(2,370,665)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>234,747</u>	<u>(380,810)</u>	<u>46,177</u>	<u>(51,340)</u>	<u>(151,226)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment of developer fee	(11,643)	-	(12,148)	-	(23,791)
Acquisition of capital assets	(29,842)	-	-	-	(29,842)
Proceeds from partnership contributions	-	-	-	11,150,100	11,150,100
Loan proceeds	-	-	-	6,871,356	6,871,356
Debt issuance costs	-	-	-	(28,831)	(28,831)
Principal payments	(34,014)	(50,865)	(39,474)	(10,749,556)	(10,873,909)
Interest paid	<u>(128,611)</u>	<u>411,817</u>	<u>51,469</u>	<u>-</u>	<u>334,675</u>
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(204,110)</u>	<u>360,952</u>	<u>(153)</u>	<u>7,243,069</u>	<u>7,399,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	618	963	1,316	-	2,897
Expenditures on rental property	-	-	-	(7,073,523)	(7,073,523)
Payment of tax credit fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,229)</u>	<u>(57,229)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>618</u>	<u>963</u>	<u>1,316</u>	<u>(7,130,752)</u>	<u>(7,127,855)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,255	(18,895)	47,340	60,977	120,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>567,637</u>	<u>421,144</u>	<u>394,429</u>	<u>-</u>	<u>1,383,210</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 598,892</u>	<u>\$ 402,249</u>	<u>\$ 441,769</u>	<u>\$ 60,977</u>	<u>\$ 1,503,887</u>

(Continued on page 46)

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS - Continued
YEAR ENDED DECEMBER 31, 2017

	ARBOR VISTA LLLP	LINDEN POINTE LLLP	VILLAGE PARK LLLP	THE HIGHLANDS LLP	TOTAL
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF THE STATEMENT OF NET POSITION</u>					
Cash and cash equivalents	\$ 123,444	\$ 279,920	\$ 54,299	\$ 22,176	\$ 479,839
Cash and cash equivalents - restricted	<u>475,448</u>	<u>122,329</u>	<u>387,470</u>	<u>38,801</u>	<u>1,024,048</u>
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 598,892</u>	<u>\$ 402,249</u>	<u>\$ 441,769</u>	<u>\$ 60,977</u>	<u>\$ 1,503,887</u>
<u>RECONCILIATION OF (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>					
Operating (loss)	\$ (278,368)	\$ (120,249)	\$ (266,099)	\$ (440,788)	\$(1,105,504)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	515,332	332,873	458,583	390,553	1,697,341
Changes in assets and liabilities					
Decrease in assets					
Accounts receivable	(7,610)	(3,383)	(1,057)	(5,770)	(17,820)
Prepaid expenses	781	1,072	-	-	1,853
Increase (decrease) in liabilities					
Accounts payable - operations	(6,056)	(11)	(15)	(1,728)	(7,810)
Accrued expenses	6,334	(592,065)	(163,131)	(32,043)	(780,905)
Unearned revenue	1,777	1,201	722	-	3,700
Due to other governments	1,314	(3,036)	15,941	(33)	14,186
Tenants' security deposits	<u>1,243</u>	<u>2,788</u>	<u>1,233</u>	<u>38,469</u>	<u>43,733</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ 234,747</u>	<u>\$ (380,810)</u>	<u>\$ 46,177</u>	<u>\$ (51,340)</u>	<u>\$ (151,226)</u>

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
 SUPPLEMENTARY INFORMATION REQUIRED BY HUD
 SEPTEMBER 30, 2017

Reserve for Replacements

In accordance with the provisions of the regulatory agreement, restricted cash is held in trust with Wells Fargo Bank, to be used for replacement of property with the approval of HUD. Under the agreement, the Housing Authority must deposit \$5,469 (\$5,310 prior to October 2017) monthly.

	RATEKIN TOWER APARTMENTS
Balance - September 30, 2016	\$ 233,602
Deposits	64,033
Transfer	5,316
Interest earned	60
Approved withdrawals	(49,001)
Balance - September 30, 2017	<u>\$ 254,010</u>

An additional reserve for replacement of laundry equipment is maintained in the amount of \$67,359. These funds are to be used for laundry facility replacements only, unless the Board approves other use.

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
Nellie Betchel Apartments APARTMENTS
FHA Contract NO. CO990069004
SUPPLEMENTARY INFORMATION REQUIRED BY HUD - Continued
SEPTEMBER 30, 2017

SCHEDULE OF CHANGES IN FIXED ASSETS

	ASSETS			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	BALANCE	ADDITIONS	DEDUCTIONS	BALANCE	ADDITIONS	DEDUCTIONS	BALANCE	BALANCE
	SEPTEMBER 30, 2016			SEPTEMBER 30, 2017			SEPTEMBER 30, 2016	SEPTEMBER 30, 2017
Land	\$ 290,337	\$ -	\$ -	\$ 290,337	\$ -	\$ -	\$ -	\$ 290,337
Buildings	4,715,475	-	-	4,715,475	88,415	117,887	206,302	4,509,173
Furniture & Equipment	41,555	106,455	-	148,010	5,408	24,279	29,687	118,323
Vehicle	5,634	-	-	5,634	657	1,128	1,785	3,849
Miscellaneous Equipment	1,748	-	-	1,748	102	175	277	1,471
	<u>\$ 5,054,749</u>	<u>\$ 106,455</u>	<u>\$ -</u>	<u>\$ 5,161,204</u>	<u>\$ 94,582</u>	<u>\$ 143,469</u>	<u>\$ 238,051</u>	<u>\$ 4,923,153</u>

Fixed Asset Additions:

Coolers \$ 106,455

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

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

PROJECT NAME		FISCAL PERIOD ENDED:	PROJECT NUMBER
Ratekin Tower Apartments		9-30-2017	EH101-35341/35571
PART A-COMPUTE SURPLUS CASH			
1 Cash (Accounts 1120,1191)		\$ 144,899	
2 Tenant subsidy vouchers due for period covered by financial statement			
3 Other - Amount due from replacement reserves		-	
(a) Total Cash (Add Lines 1,2, and 3)		\$ 144,899	
4 Accrued mortgage interest payable		\$	
5 Delinquent mortgage principal payments			
6 Delinquent deposits to reserve for replacements			
7 Accounts payable (due within 30 days)		6,683	
8 Loans and notes payable (Due within 30 days)			
9 Deficient Tax Insurance or MIP Escrow deposits			
10 Accrued expenses (not escrowed)		6,135	
11 Prepaid rents (Account 2210)		792	
12 Tenant security deposits liability (Accounts 2191 and 2192)		34,362	
13 Other (Describe)			
(b) Less Total Current Obligations (Add Lines 4 through 13)		\$ 47,972	
(c) Surplus Cash (Deficiency)(Line (a) minus Line (b))		\$ 96,927	
PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS			
1 Surplus Cash		\$ 96,927	
Ltd Div	2a Annual Distribution Earned During Fiscal Period Covered by the Statement	\$ 27,878	
	2b Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period		
Proj	2c Distributions Paid During Fiscal Period Covered by Statement		
	3 Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	27,878	
4 Amount Available for distribution during next Fiscal Period		\$ 0	
5 Deposit Due restricted surplus cash account		\$ 69,049	
75% to make principal and interest payments on Ratekin 2nd mortgage		\$ 51,787	
25% to the Housing Authority's general operating fund		\$ 17,262	
PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

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

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

PROJECT NAME		FISCAL PERIOD ENDED:	PROJECT NUMBER
Nellie Bechtel Apartments		9-30-2017	CO990069004
PART A-COMPUTE SURPLUS CASH			
1 Cash (Accounts 1120,1191)		\$ 31,094	
2 Tenant subsidy vouchers due for period covered by financial statement			
3 Other - Amount due from replacement reserves		-	
(a) Total Cash (Add Lines 1,2, and 3)		\$ 31,094	
4 Accrued mortgage interest payable		\$	
5 Delinquent mortgage principal payments			
6 Delinquent deposits to reserve for replacements			
7 Accounts payable (due within 30 days)		2,682	
8 Loans and notes payable (Due within 30 days)			
9 Deficient Tax Insurance or MIP Escrow deposits			
10 Accrued expenses (not escrowed)		5,164	
11 Prepaid rents (Account 2210)		3,200	
12 Tenant security deposits liability (Accounts 2191 and 2192)		29,748	
13 Other (Describe)			
(b) Less Total Current Obligations (Add Lines 4 through 13)		\$ 40,794	
(c) Surplus Cash (Deficiency)(Line (a) minus Line (b))		\$ (9,700)	
PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS			
1 Surplus Cash		\$ 0	
Ltd Div	2a Annual Distribution Earned During Fiscal Period Covered by the Statement	\$ 0	
	2b Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period		
Proj	2c Distributions Paid During Fiscal Period Covered by Statement		
	3 Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	0	
4 Amount Available for distribution during next Fiscal Period		\$ 0	
5 Deposit Due restricted surplus cash account		\$ -	
75% to make principal and interest payments on Ratekin 2nd mortgage		\$ -	
25% to the Housing Authority's general operating fund		\$ -	
PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>PASS-THRU GRANT IDENTIFICATION NUMBER</u>	<u>SUBRECIPIENT PASS-THROUGH EXPENDITURES</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Section 8 Housing Choice Vouchers	14.871			
Housing Choice Vouchers		N/A	-	\$ 7,289,389
Other Public Housing Authorities		Unknown	-	<u>213,425</u>
TOTAL 14.871				7,502,814
Family Self-Sufficiency Program Coordinator	14.896	N/A	-	38,821
Colorado Housing and Finance Authority Housing Counseling Assistance Program	14.169	Unknown	-	20,587
Section 8 New Construction	14.182	N/A	-	1,010,637
Service Coordinator for Multifamily Housing	14.191	N/A	-	53,627
Colorado Housing and Finance Authority Housing Counseling Assistance Program	14.239	CMS-46791	-	269,599
City of Grand Junction, Colorado Community Development Block Grant	14.218	CDBG-2016	-	75,000
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	N/A	-	<u>3,243,711</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				12,214,796
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Mesa County Department of Human Services Temporary Assistance for Needy Families	93.558	C177A	-	<u>184,218</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 12,399,014</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Grand Junction and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Summary of Significant Accounting Policies

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

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED SEPTEMBER 30, 2017

Disclosure of Other Forms of Assistance

Included in the amounts shown on the accompanying schedule of expenditures of federal awards are two loans - CFDA 14.155 payable to the Department of Housing and Urban Development and one mortgage in which HUD assumes the loss of 50 percent. The total HUD-insured portion of mortgages has an outstanding balance of \$3,208,174 under this non-major program as of September 30, 2017.

The Housing Authority of the City of Grand Junction received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2017.

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

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Grand Junction ("Housing Authority"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated April 18, 2018. The financial statements of Linden Pointe, LLLP, Arbor Vista, LLLP, and Village Parke, LLLP were not audited in accordance with *Government Auditing Standards*. Our report includes a reference to other auditors who audited the financial statements of The Highlands, LLP, as described in our report on the Housing Authority of the City of Grand Junction's financial statements. The financial statements of The Highlands, LLP 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 Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
April 18, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Grand Junction's ("Housing Authority"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2017. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
April 18, 2018

HOUSING AUTHORITY OF THE CITY OF GRAND JUNCTION
Grand Junction, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - NONE

Section III - Federal Award Findings and Questioned Costs - NONE

Section IV - Prior Year Findings - NONE