

GRAND JUNCTION HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2018

WITH

REPORT OF INDEPENDENT AUDITORS

**GRAND JUNCTION HOUSING AUTHORITY
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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Grand Junction Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the discretely presented component units of the Grand Junction Housing Authority (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the business-type activities (primary government) and the discretely presented component units of the Authority as of September 30, 2018, and the changes in their net position and, where applicable, their 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 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise the Authority's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019 on our consideration of the the 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 the Authority's internal control over financial reporting and compliance.

NOVOGRADAC AND COMPANY LLP

May 28, 2019
Toms River, New Jersey

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

The management of the Grand Junction Housing Authority ("GJHA" or the "Authority") offers this narrative overview and analysis of its audited financial statements for fiscal year ended September 30, 2018. 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.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- GJHA's assets exceed its liabilities as of September 30, 2018 by \$20,786,636 compared to \$19,360,047 as of September 30, 2017. This was an increase of \$1,426,589 from 2017 to 2018, which included an asset increase of \$2,043,737, a deferred inflow of resources increase of \$112,500 and a total liability increase of \$504,648.
- GJHA's net investment in capital assets as of September 30, 2018 was \$4,282,125, reflecting a decrease of \$902,476 from September 30, 2017. This was primarily due to the recognized impairment loss of the Bookcliff Squire improvements (\$393,463) and the sale of Houses (\$294,453), in addition to normal depreciation.
- GJHA's total operating revenue for the fiscal year ended September 30, 2018 was \$13,964,065.
- GJHA's total operating expenses for the fiscal year ended September 30, 2018 were \$12,927,015. Therefore, GJHA's total operating revenue exceed its operating expenses by \$1,037,050.
- GJHA's total net non-operating revenue and special items for the fiscal year ended September 30, 2018 was \$389,539, resulting in a net income of \$1,426,589.

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, non-current liabilities and deferred inflows of resources and comparing those elements, the resulting net position of GJHA.
- *Statement of Revenue and Expenses* - reports GJHA's various revenues and expenses.
- *Statement of Cash Flows* - reports GJHA's resulting cash flows from operating activities, capital and related financing activities, and investing activities.

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2018

ANALYSIS OF FINANCIAL STATEMENTS (continued)

STATEMENT OF NET POSITION - see pages 11 & 12

- **Current Assets** decreased \$2,124,535 primarily due to reclassification of accrued interest receivable from component units (\$2,984,300) and restricted cash (\$589,924) to non-current assets. These reclassifications were partially offset by a cash and cash equivalent increase of \$1,990,115.
- **Notes Receivable** increased \$1,281,663 primarily due to recognition of the Colorado Division of Housing loan to Highlands 2 (\$864,000) and the GJHA land loan to Highlands 2 (\$573,120).
- **Net Capital Assets** decreased \$981,240 primarily due to disposals that include: recognized impairment loss (Bookcliff Squire), sale of land to Highlands 2 LLLP, sale of the Houses, and is offset by Construction in Process additions at Nellie Bechtel.
- **Restricted Cash and Tenant Security Deposits** remained essentially unchanged, decreasing by \$2,744.
- **Current Liabilities** decreased by \$159,386 primarily due to the payoff of the Nellie Bechtel bridge loan debt payable to Bank of Colorado (\$600,000) offset by a cash out refinance on the Courtyard Apartments. Additionally, the decrease in the current portion of long term debt (the amount of principal scheduled to be paid down within the next 12-month period) decreased 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 \$664,034 primarily due to the payoff (\$540,000- previously classified as current) of the above-mentioned Nellie Bechtel bridge acquisition with a new long term note from the Colorado Division of Housing (CHIF).
- **Agency Wide Restricted Net Position** decreased by \$247,538 primarily due to decreased end of year Section 8 Housing Choice Vouchers program restricted net position (-\$254,310).
- **Unrestricted Net Position for all programs** increased by \$2,576,603 primarily due to:
 - Net income totaling \$1,426,589
 - Increase in unrestricted cash balance due to proceeds from sales of capital assets totaling \$1,243,886

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS - see page 13

REVENUE - (Operating and Non-Operating)

- **Operating and Other Governmental Grants** increased by \$715,589 primarily due to the receipt into Acquisitions & Development of a National Housing Trust Fund Grant (via Colorado Division of Housing) for The Highlands 2; also:
 - Section 8 Housing Choice Vouchers administrative fees were increased due to no recapture, such as occurred in 2017, and a HUD rate increase

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2018

ANALYSIS OF FINANCIAL STATEMENTS (continued)

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued - see p. 13

REVENUE - (Operating and Non-Operating) (continued)

- Section 8 Housing Choice Voucher housing assistance budget authority was reduced to recapture for 2017 leasing
- Family Self-Sufficiency received a full year of HUD grant income, compared to a partial year in 2017
- The HUD Housing Counseling program was discontinued in 2018
- Three new grant sources were secured in 2018:
 - EPA Brownfields for the demolition of the Bookcliff Squire property
 - CHFA Healthy Housing to the General Fund for a Highlands Service Coordinator
 - Colorado Division of Housing - Housing Development Grant for Nellie Bechtel

Operating Grants Description	2018	2017	Difference
Nellie Bechtel- HUD Rent Assistance Grant	\$180,472	\$70,083	\$110,389
Home Ownership - Housing Counseling	0	20,587	-20,587
Walnut Park – CDBG Drawdown	0	75,000	-75,000
Housing Advocate - Mesa County Dept. of Human Services	120,658	118,605	2,053
Ratekin Tower - HUD Rent Assistance Grant	558,608	558,922	-314
Walnut Park - HUD Rent Assistance Grant	408,779	381,632	27,147
FSS- Grant Income	2,639	6,361	-3,722
Family Self Sufficiency - HUD Administrative Grant	51,761	38,821	12,940
Vouchers - HUD Housing Assistance Payments	6,285,451	6,533,852	-248,401
Vouchers - HUD Administrative Fee Grant	895,915	755,537	140,378
Tenant Based Rental Assistance – Mesa County DHS	60,316	59,252	1,064
Tenant Based Rental Assistance – Colorado Division of Housing	232,583	269,599	-37,016
Walnut Park Service Coordinator - HUD	46,182	53,627	-7,445
Nellie Bechtel- CDOH Housing Development Grant	158,379	0	158,379
Acquisitions and Developments (Highlands Campus)	864,000	104,469	759,531
EPA Brownfields Grant- Bookcliff Squire	87,357	0	87,357
General Fund CHFA Healthy Housing	37,500	0	37,500
Total Operating Grants	\$9,990,600	\$9,046,347	\$944,253

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2018

ANALYSIS OF FINANCIAL STATEMENTS (continued)

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued - see p. 13

- **Other Operating Revenue** - decreased by \$180,229, primarily due to the timing of the accrual of developer fees for Highlands 2. Developer fee revenue in Fiscal Year 2018 was \$420,358 less than 2017.
- **Dwelling Rental/Tenant Income** - decreased by \$32,874 primarily due to increased HUD dwelling rental subsidy being in greater proportion to tenant rental revenue at Nellie Bechtel due to receipt of a new Project Based Housing Assistance Payment Contract/Grant for that property.
- **Non-Operating Income** – included an increase of \$72,559 in investment/interest income due to new soft loan interest accruals receivable from The Highlands LLLP.

EXPENSES - (Operating and Non-Operating)

- **Housing Assistance Payments** increased by \$116,353 in comparison to 2017, primarily due to increasing per unit costs and increased leasing strategy.
- **Administration Expenses** increased by \$760,121 primarily due to increased compensation related expenses, including 5 new Full Time Equivalents to service a growing portfolio, salary adjustments due to a compensation study, and increased benefit costs (\$699,626 increase in cash payments to employees).
- **Tenant Services** decreased by \$80,426 due to less need for security deposit assistance for Tenant Based Rental Assistance program clients based on two-year grant cycle timing and lack of a United Way grant for supportive services funding.
- **Maintenance & Operations** decreased by \$112,076, due to widespread savings throughout GJHA's owned property portfolio (including full implementation of inventory program).
- **Utilities** costs decreased \$15,686 primarily due to savings at Nellie Bechtel Apartments driven by energy efficiency upgrades
- **Interest Expense** decreased by \$13,377 due to the savings generated through normal amortization.

STATEMENT OF CASH FLOWS - see page 14

Net Cash increased \$1,987,371

- Net cash provided by operating activities was \$2,008,040, an increase of \$678,745 over 2017, primarily from the following:
 - An increase of \$1,540,746 over 2017 in the cash received from tenants and others
 - Rent increases and internal cost center fee generation from Highlands 1
 - An increase of \$376,836 over 2017 in cash received from Grants

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2018

ANALYSIS OF FINANCIAL STATEMENTS – Continued

STATEMENT OF CASH FLOWS - Continued - see page 14

- Net cash provided by capital and related financing activities was \$182,132, primarily from the following:
 - Proceeds from the sale of capital assets (\$1,243,886) exceed purchases of capital (\$1,071,319) assets by \$172,567

- Net cash used by investing activities was \$202,801. Advances on issuance of notes receivable to the Highlands 2 were offset by interest and payments related to internal soft loans, such as:
 - Village Park Deferred Developer Fee Loan (\$21,184)
 - Arbor Vista Deferred Developer Fee Loan (\$58,605)
 - Linden Pointe CDOH Loan (\$124,195)

SIGNIFICANT TRANSACTIONS

- GJHA continued lease up of 37 Project Based Section 8 Housing Choice Vouchers at the Nellie Bechtel Apartments, a senior community with supportive services.
- GJHA committed 8 Project Based Vouchers to The Highlands 2, a service-enriched senior housing development owned by a discretely presented component unit, a LIHTC LLLP.
- In September 2018, GJHA completed a two-year award cycle originally estimated at \$573,000 in Tenant Based Rental Assistance (HOME Funds provided by the Colorado Division of Housing) for the Next Step Program.
- During Fiscal Year ending September 30, 2018, GJHA executed sales of the Santee House, the Clifton vacant lot, the Patterson townhome, and the remaining Epstein land, resulting in a net gain on sale of \$232,461.
- Hired a Human Resources Director, Krista Ubersox
- 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 The Highlands 2, which will also be a service-enriched senior community. Debt and equity providers were competitively selected, and the partnership closed in February 2018.
- After closing in February 2018, construction work began on The Highlands 2 development, a 72-unit service enriched senior 9% LIHTC property (a discretely presented component unit). A developer fee payment of \$600,000 was received at closing, and an additional \$79,641 was earned during the current GJHA fiscal year and remains accrued as a receivable.

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2018

SIGNIFICANT TRANSACTIONS (continued)

- In late 2012, the Board of Commissioners and Senior Staff of the 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.
- 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 development of The Highlands 2 (actually received in December 2018, after fiscal year end). Additionally, the Colorado Division of Housing committed to a \$864,000 Housing Trust Fund grant for the same project. That contract was executed in April of 2018 and the first installment of \$820,800 was received in August, the remaining \$43,200 is accrued revenue.
- A significant property wide rehabilitation project began at Nellie Bechtel Apartments, with GJHA as the general contractor. Current fiscal year improvements were financed by a loan and grant from the Colorado Division of Housing, and occasionally bridge-financed by a new line of credit with the Bank of Colorado opened specifically for this purpose.

BUDGETARY HIGHLIGHTS

- During calendar year 2018, GJHA utilized 99.3% of its awarded Section 8 Housing Choice Vouchers Program units. Also, GJHA expended 101.5% of its housing assistance payment budget authority and reserves using Section 8 Housing Choice Vouchers administrative fee reserves.
- The Authority continues to work on the self-sustainability of all programs/properties by seeking new sources of funding and reducing costs wherever possible.
- GJHA engaged a third-party consulting firm to complete a compensation study to determine if its employees were being paid wages competitive with the relevant market area and skill sets required. As a result of this study, pay ranges were established by position grade and several compensation increases awarded to predominantly non-management level staff.
- 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, it remains vacant.
- Initial administrative fee proration for the Section 8 Housing Choice Vouchers Program for January-June of calendar year 2018 had been set by HUD at 80.1%. In April of 2019, final calendar year 2018 administrative fee proration was set at 80.6%. A HUD reconciliation was pending as of fiscal year end.

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDED SEPTEMBER 30, 2018

FUTURE EVENTS

- In fiscal year 2018, GJHA 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 consisted 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. An additional improvement funding commitment had also been received from Federal Home Loan Bank of Topeka (\$725,000). This revenue was received in December 2018.
- In November of 2018, GJHA executed the sale of the Elm House and realized a gain on sale of \$34,498.
- In April of 2019, GJHA received a calendar year 2018 Section 8 Housing Choice Vouchers administrative fee reconciliation indicating \$21,318 in excess fees obligated, which will result an offset to 2019 fee disbursements.
- For calendar year 2019, GJHA anticipates it will receive adequate housing assistance payment operating grant funding to achieve nearly full lease up of its Section 8 Housing Choice Vouchers Program.
- The Highlands 2 development proceeds predominantly on schedule and on budget and a certificate of occupancy and 100% lease up is anticipated in May of 2019.
- GJHA has submitted a letter of interest to the Colorado Housing and Finance Authority to make application for a 9% LIHTC award in 2019 to finance the development of 60 multi-family, new construction units at 2814 Patterson Rd.

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.

FINANCIAL STATEMENTS

GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018

ASSETS

	Primary Government	Discretely Presented Component Units	Memorandum Only - Total Reporting Entity
Current assets:			
Cash and cash equivalents	\$ 4,854,381	\$ 1,186,677	\$ 6,041,058
Tenant security deposits	166,611	225,653	392,264
Accounts receivable, net	673,457	8,664	682,121
Inventory	98,048	-	98,048
Prepaid expenses	13,805	-	13,805
Total current assets	5,806,302	1,420,994	7,227,296
Non-current assets:			
Restricted cash	589,924	1,020,025	1,609,949
Notes receivable, non-current	7,969,377	-	7,969,377
Capital assets, net	17,498,806	51,945,281	69,444,087
Accrued interest receivable	2,984,300	-	2,984,300
Other assets	450,011	186,648	636,659
Total non-current assets	29,492,418	53,151,954	82,644,372
Total assets	\$ 35,298,720	\$ 54,572,948	\$ 89,871,668

See accompanying notes to financial statements.

GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF SEPTEMBER 30, 2018

LIABILITIES

	Primary Government	Discretely Presented Component Units	Memorandum Only - Total Reporting Entity
Current liabilities:			
Accounts payable, net	237,681	910,067	1,147,748
Accrued expenses	80,355	-	80,355
Accrued compensated absences, current	142,900	-	142,900
Tenant security deposits	143,720	215,829	359,549
Unearned revenue	18,693	1,648	20,341
Current portion of loans payable	421,608	162,733	584,341
Other accrued liabilities	-	392,149	392,149
	<u>1,044,957</u>	<u>1,682,426</u>	<u>2,727,383</u>
Non-current liabilities:			
Loans payable, net of current portion	12,795,073	19,985,801	32,780,874
Accrued interest	416,272	2,800,971	3,217,243
Other non-current liabilities	143,282	975,487	1,118,769
	<u>13,354,627</u>	<u>23,762,259</u>	<u>37,116,886</u>
Total non-current liabilities	<u>13,354,627</u>	<u>23,762,259</u>	<u>37,116,886</u>
Total liabilities	<u>14,399,584</u>	<u>25,444,685</u>	<u>39,844,269</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources:			
Grants received in advance	112,500	-	112,500

NET POSITION

Net position:			
Net investment in capital assets	4,282,125	31,796,747	36,078,872
Restricted	299,299	-	299,299
Unrestricted (deficit)	16,205,212	(2,668,484)	13,536,728
	<u>20,786,636</u>	<u>29,128,263</u>	<u>49,914,899</u>
Total net position	<u>20,786,636</u>	<u>29,128,263</u>	<u>49,914,899</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 35,298,720</u>	<u>\$ 54,572,948</u>	<u>\$ 89,871,668</u>

See accompanying notes to financial statements.

GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Primary Government	Discretely Presented Component Units	Memorandum Only - Total Reporting Entity
Operating revenues:			
Tenant revenue	\$ 1,862,790	\$ 2,362,036	\$ 4,224,826
HUD operating grants	9,523,751	-	9,523,751
Other government grants	466,849	-	466,849
Fraud recovery revenue	14,198	-	14,198
Other revenues	<u>2,096,477</u>	<u>63,895</u>	<u>2,160,372</u>
Total operating revenues	<u>13,964,065</u>	<u>2,425,931</u>	<u>16,389,996</u>
Operating expenses:			
Administrative	3,361,661	658,976	4,020,637
Tenant services	54,907	-	54,907
Utilities	364,000	228,298	592,298
Ordinary maintenance and operations	1,170,783	608,326	1,779,109
Insurance	151,730	109,406	261,136
General	100,656	657,868	758,524
Housing assistance payments	6,823,422	-	6,823,422
Depreciation	<u>899,856</u>	<u>1,741,064</u>	<u>2,640,920</u>
Total operating expenses	<u>12,927,015</u>	<u>4,003,938</u>	<u>16,930,953</u>
Operating income (loss)	<u>1,037,050</u>	<u>(1,578,007)</u>	<u>(540,957)</u>
Non-operating revenues (expenses):			
Investment income	538,539	6,844	545,383
Interest expense	(381,461)	(952,346)	(1,333,807)
Gain (loss) on sale of capital assets	<u>232,461</u>	<u>-</u>	<u>232,461</u>
Net non-operating revenues (expenses)	<u>389,539</u>	<u>(945,502)</u>	<u>(555,963)</u>
Gain (loss) before capital grants and special items	1,426,589	(2,523,509)	(1,096,920)
Specialty items	<u>-</u>	<u>675,569</u>	<u>675,569</u>
Change in net position	1,426,589	(1,847,940)	(421,351)
Net position, beginning of year	<u>19,360,047</u>	<u>30,976,203</u>	<u>50,336,250</u>
Net position, end of year	<u>\$ 20,786,636</u>	<u>\$ 29,128,263</u>	<u>\$ 49,914,899</u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 4,755,024
Cash received from grantors	10,005,559
Cash paid to vendors	(9,961,468)
Cash paid to employees	<u>(2,791,075)</u>
Net cash provided by operating activities	<u>2,008,040</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(1,023,692)
Proceeds from the issuance of loan payable	1,438,200
Interest paid on loan payable	(52,929)
Principal payments on loan payable	(1,429,706)
Proceeds from sale of capital assets	<u>1,250,259</u>
Net cash provided by capital and related financing activities	<u>182,132</u>
Cash Flows from Investing Activities:	
Advances on the issuance of note receivable	(1,437,120)
Repayment on note receivable	695,780
Investment income	<u>538,539</u>
Net cash used in investing activities	<u>(202,801)</u>
Net increase in cash and cash equivalents	1,987,371
Cash and cash equivalents, beginning of year	<u>3,623,545</u>
Cash and cash equivalents, end of year	<u>\$ 5,610,916</u>
Schedule of non-cash capital and related financing activities:	
Payment of loan through sale of capital assets	<u>\$ 87,258</u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Primary Government
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,037,050
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	899,856
Bad debts	78,877
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable - HUD	(116,511)
Accounts receivable - tenants	(91,017)
Accounts receivable - other government	14,123
Accounts receivable - miscellaneous	832,963
Accounts receivable - PHA Projects	(9,551)
Prepaid expenses	14,996
Inventory	(98,048)
Other assets	(195,577)
Accrued interest receivable	(726,501)
Accounts payable	188,016
Accrued expenses	21,967
Accrued compensated absences	(6,417)
Tenant security deposits	(2,716)
Prepaid tenant rent	(22,150)
Other current liabilities	76,180
Grants received in advance	112,500
Net cash provided by operating activities	\$ 2,008,040

A reconciliation of cash and cash equivalents
to Statement of Net Position is as follows:

Cash and cash equivalents	\$ 4,854,381
Tenant security deposits	166,611
Restricted cash	589,924
	\$ 5,610,916

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018**

ASSETS

	Arbor Vista LLLP	Linden Pointe LLLP	Village Park LLLP	Highlands LLLP	Highlands II LLLP	Total
Current assets:						
Cash and cash equivalents	\$ 82,990	\$ 288,479	\$ 106,718	\$ 8,420	\$ 700,070	\$ 1,186,677
Tenant security deposits	53,114	70,816	61,661	40,062	-	225,653
Accounts receivable, net	<u>-</u>	<u>7,845</u>	<u>-</u>	<u>819</u>	<u>-</u>	<u>8,664</u>
Total current assets	<u>136,104</u>	<u>367,140</u>	<u>168,379</u>	<u>49,301</u>	<u>700,070</u>	<u>1,420,994</u>
Non-current assets:						
Restricted cash	457,382	63,764	354,906	143,973	-	1,020,025
Capital assets, net	8,532,957	5,750,569	11,964,618	15,879,496	9,817,641	51,945,281
Other assets	<u>36,559</u>	<u>2,283</u>	<u>47,690</u>	<u>100,116</u>	<u>-</u>	<u>186,648</u>
Total non-current assets	<u>9,026,898</u>	<u>5,816,616</u>	<u>12,367,214</u>	<u>16,123,585</u>	<u>9,817,641</u>	<u>53,151,954</u>
Total assets	<u>\$ 9,163,002</u>	<u>\$ 6,183,756</u>	<u>\$ 12,535,593</u>	<u>\$ 16,172,886</u>	<u>\$ 10,517,711</u>	<u>\$ 54,572,948</u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Arbor Vista LLLP	Linden Pointe LLLP	Village Park LLLP	Highlands LLLP	Highlands II LLLP	Total
Operating revenues:						
Tenant revenue	\$ 593,865	\$ 714,344	\$ 569,906	\$ 483,921	\$ -	\$ 2,362,036
Other revenues	<u>-</u>	<u>21,097</u>	<u>42,798</u>	<u>-</u>	<u>-</u>	<u>63,895</u>
Total operating revenue	<u>593,865</u>	<u>735,441</u>	<u>612,704</u>	<u>483,921</u>	<u>-</u>	<u>2,425,931</u>
Operating expenses:						
Administrative	152,098	171,474	166,742	168,662	-	658,976
Utilities	43,700	51,616	47,246	85,736	-	228,298
Ordinary maintenance and operations	171,795	168,986	169,951	97,594	-	608,326
Insurance	21,045	29,282	27,442	31,637	-	109,406
General	36,603	28,934	40,104	42,639	509,588	657,868
Depreciation	<u>514,941</u>	<u>330,382</u>	<u>432,482</u>	<u>463,259</u>	<u>-</u>	<u>1,741,064</u>
Total operating expenses	<u>940,182</u>	<u>780,674</u>	<u>883,967</u>	<u>889,527</u>	<u>509,588</u>	<u>4,003,938</u>
Operating income (loss)	<u>(346,317)</u>	<u>(45,233)</u>	<u>(271,263)</u>	<u>(405,606)</u>	<u>(509,588)</u>	<u>(1,578,007)</u>
Non-operating revenues (expenses):						
Investment income	2,021	1,585	2,142	1,096	-	6,844
Interest expense	<u>(309,389)</u>	<u>(187,118)</u>	<u>(194,907)</u>	<u>(148,225)</u>	<u>(112,707)</u>	<u>(952,346)</u>
Net non-operating revenue (expenses)	<u>(307,368)</u>	<u>(185,533)</u>	<u>(192,765)</u>	<u>(147,129)</u>	<u>(112,707)</u>	<u>(945,502)</u>
Gain/(Loss) before capital grants and special items and transfers	(653,685)	(230,766)	(464,028)	(552,735)	(622,295)	(2,523,509)
Capital contributions/(distributions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>675,569</u>	<u>-</u>	<u>675,569</u>
Change in net position	(653,685)	(230,766)	(464,028)	122,834	(622,295)	(1,847,940)
Net position, beginning of year	<u>3,515,396</u>	<u>2,734,822</u>	<u>9,020,751</u>	<u>13,259,591</u>	<u>2,445,643</u>	<u>30,976,203</u>
Net position, end of year	<u>\$ 2,861,711</u>	<u>\$ 2,504,056</u>	<u>\$ 8,556,723</u>	<u>\$ 13,382,425</u>	<u>\$ 1,823,348</u>	<u>\$ 29,128,263</u>

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Grand Junction Housing Authority (the "Authority") is a governmental entity created under State of Colorado statute for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Grand Junction, Colorado. The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD. A chief executive officer is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized on a fund basis. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

The Authority has also adopted GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions* ("GASB 33"). GASB 33 establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grants and subsidies revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* which requires that housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

Both administrative fees and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Voucher program is no longer a cost reimbursement grant, therefore the Authority recognizes unspent administrative fees and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

The Authority adopted GASB 68 *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's basic financial statements include those of the Grand Junction Housing Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority, including the following component unit:

Discretely Presented Component Units ("DPCU's"):

The DPCU's have qualified and been allocated low-income housing tax credit pursuant to the Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the property as to occupant eligibility and unit gross rent, among other requirements. The DPCU's must meet the provisions of these regulations during each of fifteen (15) consecutive years in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of the previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the limited partners. All units within these DPCU's are subject to the rent restrictions and qualified tenant restrictions as required by the Low Income Housing Tax Credit Program.

Arbor Vista, LLLP

Arbor Vista, LLLP ("Arbor Vista") was formed on June 29, 2007, as a limited liability limited partnership under the laws of the state of Colorado. It was formed for the purpose of owning and operating a 72-unit multifamily housing apartment complex called Arbor Vista located in Grand Junction, Colorado. Arbor Vista is owned 44.995% by Enterprise Housing Partners XVII, L.P. and 54.995% by Enterprise Housing Partners XVIII, L.P. (Limited Partners) and 0.01% by the Grand Junction Housing Authority (General Partner).

Linden Pointe, LLLP

Linden Pointe, LLLP ("Linden Pointe") was formed on February 18, 2004, as a limited liability limited partnership under the laws of the state of Colorado. It was formed for the purpose of owning and operating a 92-unit low-income housing project called Linden Pointe located in Grand Junction, Colorado. Linden Pointe is owned 99.99% by MMA Linden Pointe, LLC (Limited Partner) and .01% by the Grand Junction Housing Authority (General Partner).

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Unit: (continued)

The Highlands, LLP

The Highlands, LLP ("The Highlands") is a Colorado limited liability partnership formed in February 2015, for the purpose of investment in real property and the provision of low-income housing through the construction, renovation, rehabilitation, operation and leasing of an apartment complex. The Highlands is a 64-unit, multifamily rental housing development in Grand Junction, Colorado, for low to moderate-income residents. The Highlands is owned 99.99% by Wells Fargo Affordable Housing Community Development Corporation (Limited Partner) and .01% by the Grand Junction Housing Authority (General Partner).

Village Park, LLLP

Village Park, LLLP ("Village Park") was formed on February 20, 2012, as a limited liability limited partnership under the laws of the state of Colorado. It was formed for the purpose of owning and operating a 72-unit apartment complex in Grand Junction, Colorado. Village Park is owned 99.99% by Wincopin Circle LLLP (Limited Partner) and .01% by the Grand Junction Housing Authority (General Partner).

The Highlands 2 LLLP

The Highlands 2 LLLP ("The Highlands 2") was formed on February 27, 2018, as a limited liability limited partnership under the laws of the state of Colorado. It was formed for the purpose of owning and operating a 72-unit apartment complex for seniors in Grand Junction, Colorado. The Highlands 2 is owned 99.99% by Wells Fargo Affordable Housing Community Development Corporation (Limited Partner) and .01% by the Grand Junction Housing Authority (General Partner).

The Authority's DPCU's are presented for financial reporting purposes as of and for the year ended December 31, 2018 and reported under the "Discretely Presented Component Units" column on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. Separately issued financial statements for the DPCU's can be obtained by writing the Director of Finance, Grand Junction Housing Authority, 8 Foresight Circle, Grand Junction, Colorado, 81505.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Section 8 Housing Choice Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Section 8 New Construction Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied.

Multifamily Housing Service Coordinators

The objective of the Multifamily Housing Service Coordinators Program is to link elderly, especially frail and disabled, or disabled non-elderly assisted housing and neighborhood residents to supportive services in the general community; to prevent premature and unnecessary institutionalization; and, to assess individual service needs, determine eligibility for public services and make resource allocation decisions which enable residents to stay in the community longer.

Family Self-Sufficiency Program ("FSS")

The purpose of the FSS program is to enable HUD-assisted families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies.

Temporary Assistance for Needy Families ("TANF")

The objective of the TANF Program is to provide grants to States, Territories, the District of Columbia, and Federally-recognized Indian Tribes operating their own Tribal TANF programs to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

State and Local Programs

Periodically, the Authority administers various grants from the State of Colorado and/or the City of Grand Junction. These activities as well as the Authority's internal service funds are reported in this fund.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

F. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, accounts receivable balances primarily consist of rents past due and vacated tenants. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the allowance and a credit to accounts receivable.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

G. Allowance for Doubtful Accounts

Management evaluates the collectability of outstanding receivables on a regular basis and establishes an allowance for doubtful accounts based on its assessment of outstanding accounts.

H. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

I. Inventory

Inventory consists of miscellaneous supplies and appliances and are valued at cost using the First In First Out ("FIFO") method. If inventory falls below cost due to damage, deterioration, or obsolescence, the Authority writes down inventory to its net realizable value through the establishment of an allowance for obsolete inventory.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- | | |
|------------------------------|------------|
| • Land improvements | 5-30 Years |
| • Buildings and improvements | 5-40 Years |
| • Equipment | 3-15 Years |

The Authority has established a capitalization threshold of \$3,000.

K. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended September 30, 2018 there were no assets considered to be impaired.

L. Notes Receivable

The Authority has utilized funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow; and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

M. Compensated Absences

The 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 multiplied at their current hourly rate. Unused vacation time is paid out at termination.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences (continued)

- Sick pay is earned at a rate of 8 hours per month and can accumulate up 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.

N. Unearned Revenue

The Authority's unearned revenue consists of the payment of rent by residents that is applicable to future periods.

O. Inter-program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, interprogram receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

P. Taxes

The Authority is a unit of local government and is exempt from real estate, sales and income taxes.

Q. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Use of Management Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

S. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

T. Economic Dependency

The Section 8 Housing Choice Vouchers and Low Rent Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

U. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

All appropriations lapse at HUD's program year end or at the end of grant periods.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net 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 period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

NOTE 2. CASH ON DEPOSIT

As of September 30, 2018, the Authority had funds on deposit in checking and money market accounts.

As of September 30, 2018, the carrying amount of the Primary Government's cash deposits was \$5,610,916 and the bank balances approximated \$5,680,666. Cash on deposit consists of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Unrestricted	\$ 4,854,381	\$ 1,186,677	\$ 6,041,058
Tenant security deposits	166,611	225,653	392,264
Restricted	<u>589,924</u>	<u>1,020,025</u>	<u>1,609,949</u>
	<u>\$ 5,610,916</u>	<u>\$ 2,432,355</u>	<u>\$ 8,043,271</u>

Of the Primary Government's bank balances, \$500,000 was covered by federal depository insurance and the remaining \$5,180,666 was collateralized with the pledging financial institution as of September 30, 2018.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2018, the Authority's bank balances were not exposed to custodial credit risk.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable, net consists of the following at September 30, 2018:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Accounts receivable - tenants, net	\$ 27,859	\$ 8,519	\$ 36,378
Accounts receivable - PHA Projects	9,551	-	9,551
Accounts receivable - HUD	116,511	-	116,511
Accounts receivable - other government	87,357	-	87,357
Accounts receivable - miscellaneous	<u>432,179</u>	<u>145</u>	<u>432,324</u>
Total accounts receivable, net	<u>\$ 673,457</u>	<u>\$ 8,664</u>	<u>\$ 682,121</u>

A. Accounts receivable - tenants, net

Accounts receivable - tenants, net are shown net of an allowance for doubtful accounts of \$76,821 as of September 30, 2018.

B. Accounts receivable - PHA Projects

Accounts receivable - PHA Projects consists of unreimbursed expenditures from the Authority's HCV program, consisting of both administrative fees and housing assistance payments, from other PHAs under the portability provisions of the HCV program.

C. Accounts receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority for amounts expended under grant agreements that have not been reimbursed as of September 30, 2018. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

D. Accounts receivable - other government

Accounts receivable - other government represents amounts due to the Authority for amounts expended related to the United States Environmental Protection Agency - EPA Brownsfields grant that have not been reimbursed as of September 30, 2018. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

E. Accounts receivable - miscellaneous

Accounts receivable - miscellaneous consists of amounts due to the Authority from its discretely presented component unit entities related to administrative and operating costs for services provided, and certain development costs. Management estimates these amounts to be fully collectible and as such has made no allowance for doubtful accounts.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 4. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of September 30, 2018:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Housing assistance payment reserves	\$ 23,886	\$ -	\$ 23,886
FSS Escrow	52,743	-	52,743
Tenant security deposits	166,611	225,653	392,264
Replacement reserves	497,959	-	497,959
Other reserves	<u>15,336</u>	<u>1,020,025</u>	<u>1,035,361</u>
	<u>\$ 756,535</u>	<u>\$ 1,245,678</u>	<u>\$ 2,002,213</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for tenant rents.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers and Public and Indian Housing programs by FSS program participants.

Tenant security deposits are held in trust and restricted for refund at the time the tenant vacates the apartment, provided the apartment's physical condition is satisfactory.

Replacement and other reserves represent amounts held under the terms of various agreements by which the Authority is required to set aside specified amounts for future expenditures. These restricted deposits are held in separate accounts and generally are not available for operating purposes.

NOTE 5. NOTES RECEIVABLE

Notes receivable of the primary government consists of the following at September 30, 2018:

<u>Description</u>	<u>Amount</u>
Three (3) notes receivable from Linden Pointe accruing interest at 5.1% with payments due from available cash. Principal and accrued interest are due April 30, 2034. The notes are secured by the underlying property.	\$ 1,360,380
Four (4) notes receivable from Arbor Vista accruing interest at 5.1% with payments due from available cash. Principal and accrued interest are due December 31, 2038. The notes are secured by the underlying property.	2,471,806
Two (2) notes receivable from Village Park accruing interest at 5.1% with payments due from available cash. Principal and accrued interest are due December 31, 2042. The notes are secured by the underlying property.	1,040,000

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 5. NOTES RECEIVABLE (continued)

<u>Description</u>	<u>Amount</u>
Developer fee receivable from Village Park accruing at interest at 5.1% with payments due from available cash. The developer fee and accrued interest are due December 31, 2024.	104,891
Note receivable from a private homeowner. The loan is interest free with the principal balance due April 24, 2015.	18,360
Three (3) notes receivable from The Highlands accruing interest at 5% with payments due from available cash. Principal and accrued interest are due December 31, 2046. The notes are secured by the underlying property.	1,267,721
Three (3) notes receivable from The Highlands 2 LLP (Highlands 2") accruing interest at 5% with payments due from available cash. Principal and accrued interest are due February 27, 2058. The notes are secured by the underlying property.	<u>1,706,219</u>
Total notes receivable	<u>\$ 7,969,377</u>

Accrued interest on the aforementioned notes receivable totaled \$2,984,300 at September 30, 2018

NOTE 6. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended September 30, 2018:

<u>Description</u>	<u>September 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>September 30, 2018</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,005,320	\$ -	\$ (445,182)	\$ 120,000	\$ 2,680,138
Construction in progress	-	<u>918,198</u>	<u>(318,907)</u>	<u>(120,000)</u>	<u>479,291</u>
Total	<u>3,005,320</u>	<u>918,198</u>	<u>(764,089)</u>	<u>-</u>	<u>3,159,429</u>
<u>Depreciable capital assets:</u>					
Buildings	24,676,255	10,448	(582,198)	-	24,104,505
Leasehold improvements	1,472,180	33,753	(2,175)	-	1,503,758
Furniture and equipment	<u>1,878,978</u>	<u>61,293</u>	<u>(12,527)</u>	-	<u>1,927,744</u>
Total	<u>28,027,413</u>	<u>105,494</u>	<u>(596,900)</u>	<u>-</u>	<u>27,536,007</u>
Less: accumulated depreciation	<u>12,552,687</u>	<u>899,856</u>	<u>(255,913)</u>	<u>-</u>	<u>13,196,630</u>
Net capital assets	<u>\$ 18,480,046</u>	<u>\$ 123,836</u>	<u>\$ (1,105,076)</u>	<u>\$ -</u>	<u>\$ 17,498,806</u>

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 6. CAPITAL ASSETS, NET (continued)

The Authority's discretely presented component unit's capital assets activity for the year ended September 30, 2018 was as follows:

Description	September 30, 2017	Additions	Disposals	Transfers	September 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,496,604	\$ 573,120	\$ -	\$ -	\$ 3,069,724
Construction in progress	-	<u>9,244,521</u>	-	-	<u>9,244,521</u>
Total	<u>2,496,604</u>	<u>9,817,641</u>	<u>-</u>	<u>-</u>	<u>12,314,245</u>
<u>Depreciable capital assets:</u>					
Buildings	\$ 45,454,945	\$ -	\$ (80,804)	\$ -	\$ 45,374,141
Leasehold improvements	6,443,766	1,726	-	-	6,445,492
Furniture and equipment	<u>1,240,583</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>1,240,580</u>
Total	<u>53,139,294</u>	<u>1,726</u>	<u>(80,807)</u>	<u>-</u>	<u>53,060,213</u>
Less: accumulated depreciation	<u>11,698,473</u>	<u>1,741,064</u>	<u>(10,360)</u>	<u>-</u>	<u>13,429,177</u>
Net capital assets	<u>\$ 43,937,425</u>	<u>\$ 8,078,303</u>	<u>\$ (70,447)</u>	<u>\$ -</u>	<u>\$ 51,945,281</u>

NOTE 7. ACCRUED COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued for which payment is probable.

As of September 30, 2018, accrued compensated absences amounted to \$142,900 and consisted of the following activity:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Beginning compensated absences	\$ 149,317	\$ -	\$ 149,317
Compensated absences expense	(6,417)	-	(6,417)
Compensated absences redeemed	<u>-</u>	<u>-</u>	<u>-</u>
Ending compensated absences	142,900	-	142,900
Less: current portion	<u>142,900</u>	<u>-</u>	<u>142,900</u>
Compensated absences, net of current portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 8. LOANS PAYABLE

The Primary Government has loans payable consisting of the following as of September 30, 2018:

<u>Description</u>	<u>Amount</u>
Loan payable to the Colorado Housing Finance Authority. Monthly payments of \$8,001, including interest at 1.75%, matures July 1, 2034. The loan is collateralized by deed of trust on the Ratekin property.	\$ 1,331,020
Loan payable to HUD. Interest accrues at 1% with annual payments equal to 75% of surplus cash. The loan matures August 1, 2033 and is collateralized by a deed of trust on the Ratekin property.	2,250,415
Loan payable to HUD. Interest accrues at 1% with principle and interest due in full on August 1, 2033. The loan is collateralized by deed of trust on the Ratekin property.	216,474
Loan payable to the Bank of Colorado. Monthly payments of \$13,093 include interest at 3%. The loan matures on October 25, 2018 and is collateralized by deed of trust on the Walnut Park property.	13,298
Loan payable to the Bank of Colorado. Monthly payments of \$513 include interest at 2.75% with the remaining principle due October 6, 2018. The loan is collateralized by a deed of trust on 2817 1/2 Elm Street.	117,642
Loan payable to the Bank of Colorado. Monthly payments include interest at 3% until October 8, 2018, at which time monthly payments will be \$7,218 including a variable interest rate calculated at the Federal Home Loan Bank of Topeka 5 Year Advance Rate plus a margin of 2%. The loan matures October 8, 2035 and is collateralized by a deed of trust on the Monument Business Center property.	1,044,177
Loan payable to the Bank of Colorado. Monthly payments include interest at 2% until September 25, 2018, at which time monthly payments will be \$2,288 including interest at 4.17% until September 25, 2023. The loan then changes to a variable interest rate calculated at the Federal Home Loan Bank of Topeka 5 Year Advance Rate plus a margin of 2%. The loan matures on October 25, 2025 and is collateralized by deed of trust on the Crystal Brook property.	180,516
Loan payable to Bank of the West. The loan is interest free and discounted at an imputed interest rate of 5%. The loan is due in full on February 12, 2024 and is collateralized by the property owned by Arbor Vista, LLLP.	343,428

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 8. LOANS PAYABLE (continued)

<u>Description</u>	<u>Amount</u>
Loan payable to the Bank of Colorado which was converted to permanent loan on November 1, 2016. Monthly payments of \$12,372 include interest at 2.75% through December 1, 2020, at which time the rate will become the Federal Home Loan Bank of Topeka 5 Year Advance Rate plus a margin of 2%. The loan matures November 1, 2041 and is collateralized by real property at 8 Foresight Circle.	2,525,157
Loan payable to the Bank of Colorado. Monthly payments of \$18,670 include interest at 3.75%. The loan matures January 1, 2036 and is collateralized by a deed of trust on the Nellie Bechtel property.	3,789,518
Loan payable to the Bank of Colorado in the original amount of \$430,000. Monthly payments of \$2,525 include interest of 3.60%. The loan matures on January 11, 2038 and is collateralized by deed of trust on the Courtyard property.	419,924
Note payable to the State of Colorado - Department of Local Affairs in the original amount of \$1,274,655. Interest accrues at 1% per annum until January 1, 2020 at which time monthly payments including interest at 1% are due. The loan matures on February 1, 2035 and is collateralized by a deed of trust on the Nellie Bechtel property.	<u>985,112</u>
Total loans payable	13,216,681
Less: current portion	<u>421,608</u>
Loans payable, excluding current portion	<u>\$ 12,795,073</u>

Annual debt service for principal and interest over the next five years and in five-year increments thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 421,608	\$ 326,095	\$ 747,703
2020	1,260,519	309,860	1,570,379
2021	375,118	295,048	670,166
2022	386,700	284,459	671,159
2023	398,675	273,528	672,203
2024-2028	1,976,471	1,645,341	3,621,812
2029-2033	4,674,021	893,619	5,567,640
2034-2038	3,166,736	297,088	3,463,824
2039-2042	<u>556,833</u>	<u>20,246</u>	<u>577,079</u>
	<u>\$ 13,216,681</u>	<u>\$ 4,345,284</u>	<u>\$ 17,561,965</u>

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 8. LOANS PAYABLE (continued)

Debt activity for the primary government for the year ended September 30, 2018 consisted of the following:

Description	September 30 2017	Advances	Principal Reductions	September 30, 2018
Loan payable	\$ <u>13,295,445</u>	\$ <u>1,438,200</u>	\$ <u>(1,516,964)</u>	\$ <u>13,216,681</u>

The DPCU's have loans payable consisting of the following as of September 30, 2018:

<u>Description</u>	<u>Amount</u>
Loan payable to the Colorado Housing and Finance Authority with monthly payments of \$9,490 including interest at 6.08%. The loan matures September 1, 2029 and secured by a deed of trust on the Arbor property.	\$ 1,510,350
Loan payable to the Colorado Housing and Finance Authority with monthly payments of \$1,686 including interest at 3%. The loan matures on September 1, 2029 and is secured by a deed of trust on the Arbor property.	312,311
Three (3) loans payable to the Authority with interest accruing at 5.10%. Payments are due to the extent of excess cash flow. The loans mature on December 31, 2038 and are secured by a deed of trust on the Arbor property.	2,471,806
Loan payable to the Colorado Housing and Finance Authority with monthly payments of \$10,096 including interest at 6.06%. The loan matures on February 1, 2022, secured by a deed of trust on the Linden property.	1,279,150
Loan payable to the Colorado Housing and Finance Authority with monthly payments of \$1,756 including interest at 1.60%. The loan matures February 1, 2022 and is secured by a deed of trust on the Linden property.	316,204
Three (3) loans payable to the Authority with interest accruing at 5.10%. Payments are due to the extent of excess cash flow. The loans mature on April 30, 2034, secured by a deed of trust on the Linden property.	1,360,380

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 8. LOANS PAYABLE (continued)

<u>Description</u>	<u>Amount</u>
Three (3) loans payable to the Authority accruing interest at 5% with payments due from available cash. The loans mature on December 31, 2046 and are secured by a deed of trust on the Highlands property.	\$ 1,201,137
Loan payable to the Bank of Colorado with interest only payments due monthly. The loan accrues interest at 5.19%, matures October 21, 2034 and is secured by a deed of trust on the Village Park property.	2,340,576
Loan payable to the Colorado Housing and Finance Authority in the original amount of \$500,000. Monthly payments of \$2,108 include interest at 3.00%. The loan matures April 1, 2035 and is secured by a deed of trust on the Highlands property.	493,075
Loan payable to the Bank of Colorado in the original amount of \$690,000. Monthly payments of \$3,953 include interest at 5.50%. The loan matures March 28, 2038 and is secured by a deed of trust on The Highlands property.	683,294
Two (2) loans payable to the Authority accruing interest at 5.10% with payments due from available cash flow. The loans mature on December 31, 2042 and are secured by deed of trust on the Village Park property.	1,040,000
Three (3) loans payable to the Authority accruing interest at 5.00% with payments due from available cash flow. The loans mature on February 27, 2058 and secured by a deed of trust on The Highlands 2 property.	2,446,350
Construction loan to the Bank of Colorado in the maximum amount of \$10,500,000 with an interest rate of 4.00%. Interest is payable monthly with all outstanding principal due on December 1, 2019. The loan is secured by a mortgage on The Highlands 2 property.	<u>4,693,901</u>
Total loans payable	20,148,534
Less: current portion of loans payable	<u>162,733</u>
Total loans payable, excluding current portion	<u>\$ 19,985,801</u>

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 9. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government consisted of the following as of September 30, 2018:

Description	September 30, 2017	Additions	Deletions	September 30, 2018	Due within one year
Line of credit	\$ -	\$ 425,191	\$ (334,652)	\$ 90,539	\$ -
FSS Escrow	66,006	-	(13,263)	52,743	-
Accrued interest	<u>87,740</u>	<u>328,532</u>	<u>-</u>	<u>416,272</u>	<u>-</u>
Total	<u>\$ 66,006</u>	<u>\$ 425,191</u>	<u>\$ (347,915)</u>	<u>\$ 143,282</u>	<u>\$ -</u>

Non-current liabilities of the DPCU's consisted of the following as of September 30, 2018:

Description	September 30, 2017	Additions	Deletions	September 30, 2018	Due within one year
Developer fee pay.	\$ 1,031,130	\$ 589,372	\$ (645,015)	\$ 975,487	\$ -
Accrued interest	<u>2,385,823</u>	<u>415,148</u>	<u>-</u>	<u>2,800,971</u>	<u>-</u>
Total	<u>\$ 3,416,953</u>	<u>\$ 1,004,520</u>	<u>\$ (645,015)</u>	<u>\$ 3,776,458</u>	<u>\$ -</u>

NOTE 10. PENSION PLAN

The primary government 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 primary government is required to contribute 9.65 percent of an employee's salary. The primary government's actual contribution was \$237,166 for the year ended September 30, 2018. Total employee contributions for the year ended September 30, 2018 were \$188,012.

NOTE 11. RESTRICTED NET POSITION

As of September 30, 2018, the primary government's restricted net position consisted of housing assistance payment reserves in the amount of \$23,886, which are restricted for rent payments to landlords as part of the Section 8 Housing Choice Vouchers Program. Restricted net position also included reserves in the amount of \$275,413, which are restricted for future expenditures associated with Ratekin Towers, which is included in the Authority's Section 8 New Construction Program.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 12. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2018, the Authority estimates that no material liabilities will result from such audits.

NOTE 13. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Authority purchased commercial insurance with various deductibles and coverage to cover liability, property, worker's 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 16. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through May 28, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**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
Grand Junction Housing Authority:

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 business type activities (primary government) and the discretely presented component units of the Grand Junction Housing Authority (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated May 28, 2019. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the discretely presented component units.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

NOVOGRADAC AND COMPANY LLP

May 28, 2019
Toms River, New Jersey

**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
Grand Junction Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Grand Junction Housing Authority (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2018. The 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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



Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

NOVOGRADAC AND COMPANY LLP

May 28, 2019
Toms River, New Jersey

**GRAND JUNCTION HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Housing and Urban Development:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 7,434,398
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	967,387
Section 8 Housing Assistance Payments Program	14.195	N/A	180,472
Family Self-Sufficiency Program Coordinator	14.896	N/A	51,761
Multifamily Housing Service Coordinators	14.191	N/A	46,182
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	N/A	<u>3,208,173</u>
Subtotal United States Department of Housing and Urban Development Direct Programs			<u>11,888,373</u>
United States Department of Housing and Urban Development Pass Through Programs From: State of Colorado - Department of Local Affairs:			
Housing Trust Fund	14.275	107288	864,000
Home Investment Partnerships Program	14.239	CMS-46791	<u>232,583</u>
Subtotal United States Department of Housing and Urban Development Pass Through Programs From: State of Colorado - Department of Local Affairs			<u>1,096,583</u>
United States Department of Health and Human Services Pass Through Programs: State of Colorado - Department of Local Affairs - Mesa County Department of Human Services:			
Temporary Assistance of Needy Families	93.558	C177A	<u>120,658</u>
United States Environmental Protection Agency:			
EPA Brownsfields Assessment and Cleanup	66.818	N/A	<u>87,357</u>
Total Expenditures of Federal Awards			<u>\$ 13,192,971</u>

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Grand Junction Housing Authority under programs of the federal government for the year ended September 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Grand Junction Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Grand Junction Housing Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority does not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. MORTGAGE INSURANCE FOR THE PURCHASE OR REFINANCING OF EXISTING MULTIFAMILY PROJECTS

The loan listed subsequently is administered by HUD, and the balance of the transactions relating to the program are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at September 30, 2018 consisted of:

<i>CFDA Number</i>	<i>Program Name</i>	<i>Outstanding Balance at September 30, 2018</i>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Projects	\$ <u>3,168,563</u>

**GRAND JUNCTION HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

I. Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards

- | | | |
|----|--|------------|
| 1. | Internal control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | No |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers
14.275	Housing Trust Fund

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | No |

GRAND JUNCTION HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
SEPTEMBER 30, 2018

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *government auditing standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questions costs relating to federal awards.

IV. Summary of Prior Audit Findings

None reported.

Housing Authority of the City of Grand Junction															
CO051															
Financial Data Schedule (FDS)															
September 30, 2018															
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.896 - FSS	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	14.155 - Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily	14.239 - HOME Inv Partnerships Program	93.558 - Temporary Assistance for Needy Families	2 State/Local	6.1 - Discretely Presented Component Unit	6.2 - Blended Component Unit	Elimination	TOTAL
ASSETS:															
CURRENT ASSETS:															
Cash:															
111	Cash - unrestricted		\$ 519,526	\$ 700,654	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 3,602,864	\$ 1,186,677	\$ 31,335		\$ 6,041,058
112	Cash - restricted - modernization and development		-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted		346,000	76,629	-	-	-	-	-	-	167,295	1,020,025	-	-	1,609,949
114	Cash - tenant security deposits		97,424	-	-	-	-	-	-	-	58,349	225,653	10,838	-	392,264
115	Cash - restricted for payment of current liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-
100	Total cash	-	962,950	777,283	1	-	-	-	-	1	3,828,508	2,432,355	42,173	-	8,043,271
Accounts and notes receivables:															
121	Accounts receivable - PHA projects		-	9,551	-	-	-	-	-	-	-	-	-	-	9,551
122	Accounts receivable - HUD other projects		-	46,934	4,313	22,064	-	-	-	-	43,200	-	-	-	116,511
124	Accounts receivable - other government		-	-	-	-	-	-	-	-	87,357	-	-	-	87,357
125	Accounts receivable - miscellaneous		-	-	105	-	-	-	34,309	-	397,765	145	-	-	432,324
126	Accounts receivable- tenants		19,143	-	-	-	-	-	-	-	11,609	36,863	-	-	67,615
126.1	Allowance for doubtful accounts - tenants		(7,723)	-	-	-	-	-	-	-	(3,398)	(28,344)	-	-	(39,465)
126.2	Allowance for doubtful accounts - other		-	-	-	-	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current		-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery		-	45,584	-	-	-	-	-	-	-	-	-	-	45,584
128.1	Allowance for doubtful accounts - fraud		-	(37,356)	-	-	-	-	-	-	-	-	-	-	(37,356)
129	Accrued interest receivable		-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	-	11,420	64,713	4,418	22,064	-	-	34,309	-	536,533	8,664	-	-	682,121
Current investments															
131	Investments - unrestricted		-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted		-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability		-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets		6,198	-	-	-	-	-	-	-	7,607	-	-	-	13,805
143	Inventories		-	-	-	-	-	-	-	-	7,095	-	-	-	7,095
143.1	Allowance for obsolete inventories		-	-	-	-	-	-	-	-	90,953	-	-	-	90,953
144	Interprogram - due from		44,947	-	-	-	-	-	-	-	424,406	-	-	(469,353)	-
145	Assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	-	1,025,515	841,996	4,419	22,064	-	-	34,309	1	4,895,102	2,441,019	42,173	(469,353)	8,837,245
NONCURRENT ASSETS:															
Fixed assets:															
161	Land		853,841	-	-	-	-	-	-	-	1,826,297	3,069,724	-	-	5,749,862
162	Buildings		15,083,999	-	-	-	-	-	-	-	10,524,264	45,374,141	-	-	70,982,404
163	Furniture, equipment & machinery - dwellings		772,302	-	-	3,532	-	-	-	-	567,614	1,240,580	-	-	2,584,028
164	Furniture, equipment & machinery - administration		7,382	138,686	1,278	-	-	-	-	-	436,950	-	-	-	584,296
165	Leasehold improvements		-	-	-	-	-	-	-	-	-	6,445,491	-	-	6,445,491
166	Accumulated depreciation		(8,430,718)	(122,494)	(1,278)	(2,325)	-	-	-	-	(4,639,815)	(13,429,176)	-	-	(26,625,806)
167	Construction in Progress		464,775	-	-	-	-	-	-	-	14,516	9,244,521	-	-	9,723,812
168	Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	-	8,751,581	16,192	-	1,207	-	-	-	-	8,729,826	51,945,281	-	-	69,444,087
Other non-current assets:															
171	Notes and mortgages receivable - non-current		-	-	-	-	-	-	-	-	8,916,585	-	-	(947,208)	7,969,377
172	Notes and mortgages receivable-non-current - past due		-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other assets		-	-	-	-	-	-	-	-	3,434,311	186,648	-	-	3,620,959
175	Undistributed debits		-	-	-	-	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	8,751,581	16,192	-	1,207	-	-	-	-	21,080,722	52,131,929	-	(947,208)	81,034,423
200	Deferred Outflow of Resources		-	-	-	-	-	-	-	-	-	-	-	-	-
290	TOTAL ASSETS	\$ -	\$ 9,777,096	\$ 858,188	\$ 4,419	\$ 23,271	\$ -	\$ -	\$ 34,309	\$ 1	\$ 25,975,824	\$ 54,572,948	\$ 42,173	\$ (1,416,561)	\$ 89,871,668

Housing Authority of the City of Grand Junction															
CO051															
Financial Data Schedule (FDS)															
September 30, 2018															
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.896 - FSS	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	14.155 - Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily	14.239 - HOME Inv Partnerships Program	93.558 - Temporary Assistance for Needy Families	2 State/Local	6.1 - Discretely Presented Component Unit	6.2 - Blended Component Unit	Elimination	TOTAL
LIABILITIES AND EQUITY:															
Liabilities:															
Current Liabilities:															
311	Bank overdraft		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days		176,922	2,862	69	4	-	-	68	16	15,356	910,067	42,384		1,147,748
313	Accounts payable > 90 days past due		-	-	-	-	-	-	-	-	-	-	-		-
321	Accrued wage/payroll taxes payable		7,882	12,826	1,404	1,332	-	-	1,523	2,704	52,684	-	-		80,355
322	Accrued compensated absences - current portion		7,899	17,690	2,682	2,018	-	-	3,566	4,004	105,041	-	-		142,900
324	Accrued contingency liability		-	-	-	-	-	-	-	-	-	-	-		-
325	Accrued interest payable		-	-	-	-	-	-	-	-	-	-	-		-
331	Accounts payable - HUD PHA programs		-	-	-	-	-	-	-	-	-	-	-		-
332	Accounts payable - PHA projects		-	-	-	-	-	-	-	-	-	-	-		-
333	Accounts payable - other government		-	-	-	-	-	-	-	-	-	-	-		-
341	Tenant security deposits		88,940	-	-	-	-	-	-	-	54,780	215,829	-		359,549
342	Prepaid rents		-	-	-	-	-	-	-	-	18,693	1,648	-		20,341
343	Current portion of L-T debt - capital projects		167,620	-	-	-	-	-	-	-	253,988	162,733	-		584,341
344	Current portion of L-T debt - operating borrowings		-	-	-	-	-	-	-	-	-	-	-		-
345	Other current liabilities		-	-	-	-	-	-	-	-	-	242,916	-		242,916
346	Accrued liabilities - other		-	-	-	-	-	-	-	-	-	149,233	-		149,233
347	Interprogram - due to		45,305	-	-	44,947	-	-	63,139	-	315,962	-	-	(469,353)	-
310	TOTAL CURRENT LIABILITIES		-	494,568	33,378	4,155	48,301	-	68,296	6,724	816,504	1,682,426	42,384	(469,353)	2,727,383
NONCURRENT LIABILITIES:															
351	Long-term debt, net of current - capital projects		8,418,217	-	-	-	-	-	-	-	5,324,064	19,985,801	-	(947,208)	32,780,874
352	Long-term debt, net of current - operating borrowings		-	-	-	-	-	-	-	-	-	-	-		-
353	Non-current liabilities- other		160,096	52,743	-	-	-	-	-	-	346,715	3,776,458	-		4,336,012
354	Accrued compensated absences - noncurrent		-	-	-	-	-	-	-	-	-	-	-		-
355	Loan Liability - Non Current		-	-	-	-	-	-	-	-	-	-	-		-
356	FASB 5 Liabilities		-	-	-	-	-	-	-	-	-	-	-		-
357	Accrued pension and OPEB liabilities		-	-	-	-	-	-	-	-	-	-	-		-
350	TOTAL NONCURRENT LIABILITIES		-	8,578,313	52,743	-	-	-	-	-	5,670,779	23,762,259	-	(947,208)	37,116,886
300	TOTAL LIABILITIES		-	9,072,881	86,121	4,155	48,301	-	68,296	6,724	6,487,283	25,444,685	42,384	(1,416,561)	39,844,269
400	Deferred Inflow of Resources		-	-	-	-	-	-	-	-	112,500	-	-		112,500
EQUITY:															
508.4	Invested in Capital Assets, Net of Related Debt		165,744	16,192	-	1,207	-	-	-	-	3,151,774	31,796,747	-	947,208	36,078,872
511.4	Restricted Net Assets		275,413	23,886	-	-	-	-	-	-	-	-	-		299,299
512.4	Unrestricted Net Assets		263,058	731,989	264	(26,237)	-	(33,987)	(6,723)	16,224,267	(2,668,484)	(211)	(947,208)	13,536,728	
513	TOTAL EQUITY		-	704,215	772,067	264	(25,030)	-	(33,987)	(6,723)	19,376,041	29,128,263	(211)	-	49,914,899
600	TOTAL LIABILITIES AND EQUITY		\$ -	\$ 9,777,096	\$ 858,188	\$ 4,419	\$ 23,271	\$ -	\$ -	\$ 34,309	\$ 1	\$ 25,975,824	\$ 54,572,948	\$ 42,173	\$ 89,871,668
Proof of concept															

Housing Authority of the City of Grand Junction															
CO051															
Financial Data Schedule (FDS)															
September 30, 2018															
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.896 - FSS	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	14.155 - Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily	14.239 - HOME Inv Partnerships Program	93.558 - Temporary Assistance for Needy Families	2 State/Local	6.1 - Discretely Presented Component Unit	6.2 - Blended Component Unit	Elimination	TOTAL
REVENUE:															
70300	Net tenant rental revenue		\$ 1,165,592	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 617,744	\$ 2,290,841	\$ -		\$ 4,074,177
70400	Tenant revenue - other		47,114	-	-	-	-	-	-	\$ -	32,340	71,195	-		150,649
70500	Total tenant revenue	-	1,212,706	-	-	-	-	-	-	-	650,084	2,362,036	-	-	4,224,826
70600	HUD PHA grants		967,387	7,181,366	51,761	46,182	180,472		232,583		864,000				9,523,751
70610	Capital grants		-	-	-	-	-	-	-	-	-	-	-	-	-
70710	Management fee		-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset management fee		-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book keeping fee		-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other fees		-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants		158,379		2,639				60,316	120,658	124,857				466,849
71100	Investment income - unrestricted		1,184	-	-	-	-	-	1,500	8	403,501	6,844	44		413,081
71200	Mortgage interest income		-	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-	-
71301	Cost of sale of assets		-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery		-	14,198	-	-	-	-	-	-	-	-	-	-	14,198
71500	Other revenue		2,393	49,651	-	-	-	-	-	-	2,711,512	63,895	48,568	(715,647)	2,160,372
71600	Gain or loss on sale of fixed assets		-	7,009	-	-	-	-	-	-	225,452	-	-	-	232,461
72000	Investment income - restricted		1,071	1,823	-	-	-	-	-	-	129,351	-	57		132,302
70000	TOTAL REVENUE	-	2,343,120	7,254,047	54,400	46,182	180,472	-	294,399	120,666	5,108,757	2,432,775	48,669	(715,647)	17,167,840
EXPENSES:															
Administrative															
91100	Administrative salaries		245,918	367,785	42,999	34,425	-	-	48,060	77,284	1,052,326	198,712	1,051		2,068,560
91200	Auditing fees		10,334	5,566	410	749	-	-	755	472	9,401	30,138	-		57,825
91300	Outside management fees		-	-	-	-	-	-	-	-	-	149,537	-		149,537
91310	Book-keeping fee		-	-	-	-	-	-	-	-	-	-	-		-
91400	Advertising and marketing		3,074	4,525	21	21	-	-	21	21	15,344	2,070	-		25,097
91500	Employee benefit contributions- administrative		59,106	94,090	12,890	7,931	-	-	15,258	22,856	233,085	36,217	-		481,433
91600	Office expenses		117,838	94,050	2,226	3,343	-	-	2,523	2,817	113,312	-	227		336,336
91700	Legal expenses		8,812	1,184	-	-	-	-	-	-	59,063	4,396	-		73,455
91800	Travel		6,246	7,978	983	1,718	-	-	60	93	23,751	-	1,098		41,927
91810	Allocated overhead		-	-	-	-	-	-	-	-	-	-	-		-
91900	Other		359,238	142,979	10,990	9,481	-	-	19,442	29,048	231,016	237,906	10,343	(263,976)	786,467
	Total administrative	-	810,566	718,157	70,519	57,668	-	-	86,119	132,591	1,737,298	658,976	12,719	(263,976)	4,020,637
92000	Asset Management Fee		-	-	-	-	-	-	-	-	-	-	-		-
Tenant services															
92100	Tenant services - salaries		-	-	-	-	-	-	-	-	-	-	-		-
92200	Relocation costs		-	-	-	-	-	-	-	-	-	-	-		-
92300	Employee benefit contributions- tenant services		-	-	-	-	-	-	-	-	-	-	-		-
92400	Tenant services - other		5,691	-	-	-	-	-	-	-	1,033	-	48,183		54,907
	Total tenant services	-	5,691	-	-	-	-	-	-	-	1,033	-	48,183	-	54,907

Housing Authority of the City of Grand Junction															
CO051															
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	Utilities														
93100	Water		66,984	-	-	-	-	-	-	-	22,240	81,057	-	-	170,281
93200	Electricity		116,748	-	-	-	-	-	-	-	13,928	78,158	-	-	208,834
93300	Gas		-	-	-	-	-	-	-	-	-	4,920	-	-	4,920
93400	Fuel		54,960	-	-	-	-	-	-	-	12,023	4,816	-	-	71,799
93500	Labor		-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer		45,848	-	-	-	-	-	-	-	17,513	59,119	-	-	122,480
93700	Employee benefit contributions- utilities		-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense		1,524	9,235	439	-	-	-	193	213	2,152	228	-	-	13,984
	Total utilities	-	286,064	9,235	439	-	-	-	193	213	67,856	228,298	-	-	592,298
	Ordinary maintenance & operation														
94100	Ordinary maintenance and operations - labor		326,551	3,815	182	-	-	-	80	88	590,511	340,796	-	(451,671)	810,352
94200	Ordinary maintenance and operations - materials & other		68,256	3,307	16	-	-	-	7	383	150,928	5,207	-	-	228,104
94300	Ordinary maintenance and operations - contract costs		216,063	9,031	425	1	-	-	187	208	130,007	262,323	-	-	618,245
94500	Employee benefit contributions- ordinary maintenance		-	-	-	-	-	-	-	-	122,408	-	-	-	122,408
	Total ordinary maintenance	-	610,870	16,153	623	1	-	-	274	679	993,854	608,326	-	(451,671)	1,779,109
	Protective services														
95100	Protective services - labor		-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services- other contract costs		-	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective services - other		-	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective service		-	-	-	-	-	-	-	-	-	-	-	-	-
	Total protective services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	General expenses														
96100	Insurance premiums														
96110	Property Insurance		60,696	4,710	581	-	-	-	-	1,050	24,141	109,406	-	-	200,584
96120	Liability Insurance		8,434	12,117	-	-	-	-	-	-	9,757	-	-	-	30,308
96130	Workmen's Compensation		-	-	-	-	-	-	-	-	7,836	-	-	-	7,836
96140	All Other Insurance		3,424	-	-	-	-	-	-	-	18,984	-	-	-	22,408
96200	Other general expenses		55,793	-	-	-	-	-	-	-	17,083	613,015	-	-	685,891
96210	Compensated absences		-	-	-	-	-	-	-	-	(12,500)	-	-	-	(12,500)
96300	Payments in lieu of taxes		-	-	-	-	-	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents		19,284	-	-	-	-	-	-	-	14,740	44,853	-	-	78,877
96500	Bad debt- mortgages		-	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other		-	6,256	-	-	-	-	-	-	-	-	-	-	6,256
96700	Interest expense		209,928	-	-	-	-	-	-	-	-	-	-	-	209,928
96710	Interest of Mortgage or Bonds Payable		-	-	-	-	-	-	-	-	155,533	952,346	-	-	1,107,879
96720	Interest on Notes Payable (Short and Long Term)		-	-	-	-	-	-	-	-	16,000	-	-	-	16,000
96730	Amortization of Bond Issue Costs		-	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense		-	-	-	-	-	-	-	-	-	-	-	-	-
	Total general expenses	-	357,559	23,083	581	-	-	-	-	1,050	251,574	1,719,620	-	-	2,353,467
96900	TOTAL OPERATING EXPENSES	-	2,070,750	766,628	72,162	57,669	-	-	86,586	134,533	3,051,615	3,215,220	60,902	(715,647)	8,800,418
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	-	272,370	6,487,419	(17,762)	(11,487)	180,472	-	207,813	(13,867)	2,057,142	(782,445)	(12,233)	-	8,367,422

Housing Authority of the City of Grand Junction															
CO051															
Financial Data Schedule (FDS)															
September 30, 2018															
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.896 - FSS	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	14.155 - Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily	14.239 - HOME Inv Partnerships Program	93.558 - Temporary Assistance for Needy Families	2 State/Local	6.1 - Discretely Presented Component Unit	6.2 - Blended Component Unit	Elimination	TOTAL
97100	Extraordinary maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized		-	-	-	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments		-	6,550,737	-	-	-	-	232,583	-	-	-	-	-	6,783,320
97350	HAP Portability - in		-	40,102	-	-	-	-	-	-	-	-	-	-	40,102
97400	Depreciation expense		416,701	17,074	-	353	-	-	-	-	465,728	1,741,064	-	-	2,640,920
97500	Fraud losses		-	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense		-	-	-	-	-	-	-	-	-	-	-	-	-
90000	TOTAL EXPENSES	-	2,487,451	7,374,541	72,162	58,022	-	-	319,169	134,533	3,517,343	4,956,284	60,902	(715,647)	18,264,760
OTHER FINANCING SOURCES (USES)															
10010	Operating transfers in		24,760	-	69,787	-	-	-	22,394	7,144	4,456,640	-	-	(4,580,725)	-
10020	Operating transfers out		-	(76,931)	-	-	-	-	-	-	(4,497,544)	-	(6,250)	4,580,725	-
10030	Operating transfers from/to primary government		-	-	-	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit		-	-	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss		-	-	-	-	-	-	-	-	-	-	-	-	-
10080	Special items (net gain/loss)		-	-	-	-	-	-	-	-	-	675,569	-	-	675,569
10091	Inter Project excess cash transfer in		-	-	-	-	-	-	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out		-	-	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project in		-	-	-	-	-	-	-	-	(196,619)	-	-	196,619	-
10094	Transfers between program and project out		-	-	-	-	-	-	-	-	196,619	-	-	(196,619)	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	-	24,760	(76,931)	69,787	-	-	-	22,394	7,144	(40,904)	675,569	(6,250)	-	675,569
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	(119,571)	(197,425)	52,025	(11,840)	180,472	-	(2,376)	(6,723)	1,550,510	(1,847,940)	(18,483)	-	(421,351)
MEMO ACCOUNT INFORMATION:															
11020	Required annual debt principal payments		-	-	-	-	-	-	-	-	-	-	-	-	-
11030	Beginning equity		689,080	917,731	-	(13,190)	-	-	(31,611)	-	17,779,765	30,976,203	18,272	-	50,336,250
11040	Prior period adjustments and equity transfers		134,706	51,761	(51,761)	-	(180,472)	-	-	-	45,766	-	-	-	-
11170	Administrative fee equity		-	743,257	-	-	-	-	-	-	-	-	-	-	743,257
11180	Housing assistance payments equity		-	28,810	-	-	-	-	-	-	-	-	-	-	28,810
11190	Unit months available		-	-	13,008	-	-	-	-	-	-	2,844	-	-	15,852
11210	Number of unit months leased		-	-	12,996	-	-	-	-	-	-	2,748	-	-	15,744
Equity Roll Forward Test:															
	Calculation from R/E Statement	\$ -	\$ 704,215	\$ 772,067	\$ 264	\$ (25,030)	\$ -	\$ -	\$ (33,987)	\$ (6,723)	\$ 19,376,041	\$ 29,128,263	\$ (211)	\$ -	\$ 49,914,899
	B/S Line 513	\$ -	\$ 704,215	\$ 772,067	\$ 264	\$ (25,030)	\$ -	\$ -	\$ (33,987)	\$ (6,723)	\$ 19,376,041	\$ 29,128,263	\$ (211)	\$ -	\$ 49,914,899
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -