

GRAND JUNCTION HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE 15 MONTHS ENDED DECEMBER 31, 2019

**WITH
REPORT OF INDEPENDENT AUDITORS**

GRAND JUNCTION HOUSING AUTHORITY
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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
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 December 31, 2019, and for the 15 months then ended for the business-type activities (primary government) and for the year ended for the discretely presented component units 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 December 31, 2019, and the changes in their net position and, where applicable, their cash flows, for the 15 months then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 15 to the financial statements, certain errors that resulted in understatements of amounts previously reported for notes receivable and net position as of September 30, 2018, were discovered by management of the Authority during the current period. Accordingly, amounts reported for notes receivable and net position as of September 30, 2018 have been restated. Our opinion is not modified with respect to this matter.

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 July 27, 2020 on our consideration of 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 Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

July 27, 2020
Toms River, New Jersey

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Grand Junction Housing Authority (“GJHA” or the “Authority”) provides this overview and analysis of its audited financial statements as of and for the fifteen months ended December 31, 2019. The discussion and analysis provide a broad overview of GJHA’s finances for the reader to better understand the Authority’s annual financial activities and overall financial position. It demonstrates whether current year revenue covered current year expenses and the extent to which GJHA has invested capital assets. Readers should consider the following information presented in conjunction with GJHA’s 2019 financial statements.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- Please note: The financial year end of Grand Junction Housing Authority was changed from September 30 to December 31 so as to coincide with discretely presented component units. Accordingly, the current financial statements are prepared for 15 months from October 1, 2018 to December 31, 2019, and as a result, the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Cash Flow Statement and related notes are not comparable on a 12 month fiscal year basis to prior years.
- GJHA’s assets exceed liabilities as of December 31, 2019 by \$23,751,068, and by \$20,786,636 as of September 30, 2018. This was an increase of \$2,964,432 from 2018 to 2019, which included an asset increase of \$1,574,319, a deferred inflow of resources increase of \$17,800 and a total liability decrease of \$1,098,683.
- GJHA’s net investment in capital assets as of December 31, 2019 was \$5,776,732, reflecting an increase of \$1,494,607 from September 30, 2018. Additions to Construction in Progress were \$1,078,108.
- GJHA’s total operating revenue for the fifteen months ended December 31, 2019 was \$18,849,412.
- GJHA’s total operating expenses for the fifteen months ended December 31, 2019 were \$16,548,927. GJHA’s total operating revenue exceed its operating expenses by \$2,300,485.
- GJHA’s total net non-operating revenue for the fifteen months ended December 31, 2019 was \$354,717, resulting in a net income of \$2,655,202.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following financial statements are included in this report and provide relevant information related to the fiscal year ended September 30, 2018 and the fifteen months ended December 31, 2019.

- *Statement of Net Position* - Reports GJHA’s current financial resources: Cash and other current assets, current and non-current liabilities, deferred inflows of resources, and the resulting net position of GJHA.
- *Statement of Revenues, Expenses, and Changes in Net Position* - Reports GJHA’s various revenues and expenses and the resulting gain or loss of revenues over expenses.

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Statement of Cash Flows - Reports GJHA's resulting cash flows from operating activities, capital and related financing activities, and investing activities.

STATEMENT OF NET POSITION - see accompanying Statement of Net Position

- **Current Assets** increased \$31,379 primarily due to an increase in accounts receivable of \$1,123,392, which was partially offset by a cash and cash equivalent decrease of \$1,110,289.
- **Notes Receivable** increased \$595,356 primarily due to recognition of a grant GJHA received from the Federal Home Loan Bank of Topeka, which it subsequently loaned to Highlands 2 LLLP, a discretely presented component unit, of \$700,000 and Deferred Developer Fee loan to Highlands 2 LLLP of \$117,016.
- **Net Capital Assets** increased \$680,965 associated with additions to construction in progress and an addition of \$430,128 in land, which was partially offset by asset disposals that included: sale of land and building for Elm House.
- **Restricted Assets** increased by \$105,215 due to restricted funds in Mainstream Vouchers for qualified tenants of \$53,658 and Ratekin Tower for replacement reserves of \$30,610 and reserve for property insurance of \$13,624 from the prior year.
- **Current Liabilities** increased by \$34,944, including year-end wage and vacation accruals being offset in part by the sale of the Elm house and the decrease in the current portion of long-term debt.
- **Non-Current Liabilities** decreased \$1,133,627 through the payoff and refinance of the Monument Business Center note resulting in a net decrease of \$1,041,092, and the Crystal Brook note accrued interest reduction of \$314,747, which was partially offset by the issuance of debt in the amount of \$319,425.
- **Agency Wide Restricted Net Position** increased by \$291,971 associated with Mainstream Vouchers of \$53,658 and State & Local restricted funds of \$148,753.

Unrestricted Net Position for all programs increased by \$1,177,854 supported by net income totaling \$2,655,202, a decrease in unrestricted cash balance of \$1,110,289, and prior period adjustment related to notes receivable that was excluded in the prior year in the amount of \$309,230.

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - see accompanying Statement of Revenue, Expenses, And Changes in Net Position

REVENUE - (Operating and Non-Operating)

- **Operating and Other Governmental Grants** increased by \$2,308,400 due, in part, to the receipt into Acquisitions & Development Fund of a Federal Home Loan Bank of Topeka Grant (\$700k) which was subsequently loaned to The Highlands 2 LLLP component unit; also:
 - Housing Choice Voucher grant funding increased \$1,994,484 through an increase in leasing and funding expenditure in 2018 and 2019.
 - Section 8 Housing Choice Vouchers administrative fees were increased due to no recapture, such as occurred in 2018, and a HUD rate increase due to the inflation factor and strong leasing.

Operating Grants Description	2019	2018	Difference
Nellie Bechtel- HUD Rent Assistance Grant	\$239,817	\$180,472	\$59,345
Housing Advocate - Mesa County Dept. of Human Services/Next50	171,623	120,658	50,965
Ratekin Tower - HUD Rent Assistance Grant	706,008	558,608	147,400
Walnut Park - HUD Rent Assistance Grant	539,516	408,779	130,737
FSS- Grant Income	0	2,639	-2,639
Family Self Sufficiency - HUD Administrative Grant	59,253	51,761	7,492
Vouchers - HUD Housing Assistance Payments	8,014,503	6,285,451	1,729,052
Vouchers - HUD Administrative Fee Grant	1,161,347	895,915	265,432
Mainstream Vouchers	163,076	0	163,076
Tenant Based Rental Assistance – Mesa County DHS	85,813	60,316	25,497
Tenant Based Rental Assistance – Colorado Division of Housing	195,410	232,583	-37,173
Walnut Park Service Coordinator - HUD	66,078	46,182	19,896
Nellie Bechtel- CDOH Housing Development Grant	0	158,379	-158,379
Acquisitions and Developments (Highlands Campus)	0	864,000	-864,000
Federal Home Loan Bank/Economic Development	775,000	87,357	687,643
General Fund CHFA Healthy Housing	62,500	37,500	25,000
Doors 2 Success – United Way/Other Support	59,056	0	59,056
Total Operating Grants	\$12,299,000	\$9,990,600	\$2,298,400

EXPENSES - (Operating and Non-Operating)

- **Housing Assistance Payments** increased by \$1,516,978 over 2018, with more units leased through an increased leasing strategy and the addition of new vouchers to the portfolio.

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

EXPENSES - (Operating and Non-Operating) (continued)

- **Administration Expenses** increased by \$800,420 largely due to increased compensation related expenses, including market-based salary increases, increased benefit costs, hiring of in-house legal counsel, hiring of a maintenance supervisor position that had been vacant in the prior year, and year end wage accruals which included 24 days versus nine days in the prior year.
- **Tenant Services** increased by \$119,134 for increased security deposit assistance for Tenant Based Rental Assistance program clients based on new rapid rehousing initiative as well as receipt of a United Way grant for supportive services funding that was not received in the prior year.
- **Maintenance & Operations** increased by \$847,139, due to widespread expenses in outside labor and materials for methamphetamine remediation at multiple properties.
- **Utilities** costs increased \$103,019 due partially to the completion/addition of The Highlands 2 property to the discretely presented component units.
- **Interest Expense** increased by \$85,292 through normal amortization.

STATEMENT OF CASH FLOWS - see accompanying Statement of Cash Flows

Net Cash decreased \$1,006,382.

- Net cash provided by operating activities was \$2,149,192, an increase of \$141,152 over 2018:
 - An increase of \$578,311 over 2018 in the cash received from tenants and others
 - Rent increases and internal cost center fee generation from Highlands 2 LLLP
 - An increase of \$2,427,870 over 2018 in cash received from Grants
- Net cash used in capital and related financing activities was \$3,347,190:
 - Purchases of capital assets of \$1,918,129 and principal payments on loans of \$1,133,067 exceeded gain on disposal of capital assets totaling \$34,498
- Net cash provided by investing activities was \$191,616. Advances on issuance of notes receivable to the Highlands 2, LLLP were offset by interest and payments related to internal soft loans:
 - Village Park Deferred Developer Fee Loan of \$94,196
 - Arbor Vista Deferred Developer Fee Loan of \$21,541
 - Linden Pointe CDOH Loan of \$105,923

GRAND JUNCTION HOUSING AUTHORITY
Grand Junction, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

SIGNIFICANT TRANSACTIONS

- GJHA continued lease up of 47 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 was approved for a \$268,767 grant for up to 18 months for the Next Step Program as part of the Next Step 2-Generation Rapid Rehousing Tenant Based Rental Assistance Program (HOME Funds provided by the Colorado Division of Housing). A second contract period of 12 months was established and with intention for an additional \$268,767 based upon funding availability and contract performance.
- During the fifteen months ended December 31, 2019, GJHA executed sale of the Elm House, resulting in a net gain on sale of \$34,498.
- Construction work on The Highlands 2 development, a 72-unit service enriched senior 9% LIHTC property (a discretely presented component unit), was completed in May 2019. Developer fee payments of \$1,099,103 were earned and outstanding at the end of the current fiscal year and remain accrued as a receivable.
- A significant property wide rehabilitation project began at Nellie Bechtel Apartments, with GJHA serving 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

- The Authority continues to work on the self-sustainability of all programs/properties by seeking new sources of funding and reducing costs wherever possible.
- During calendar (vs. fiscal) year 2019, GJHA utilized 100% of its awarded Housing Choice Vouchers Program units. Also, GJHA expended 101.5% of its housing assistance payment budget authority and supplemented by using Housing Choice Vouchers administrative fee reserves.
- In March 2018 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 possessed the skill sets required. As a result of this study, in 2019, pay ranges were established by position grade and several compensation increases awarded to predominantly non-management level staff.
- Initial administrative fee proration for the 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
FIFTEEN MONTHS ENDED DECEMBER 31, 2019

FUTURE EVENTS

- On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and measures worldwide. GJHA has followed Centers for Disease Control, state, and local guidance in efforts to safeguard staff and residents. Resources have been refocused to protect and manage GJHA assets in this unprecedented time. At the time of this filing, additional grants and other funding sources continue to be utilized to support ongoing operations and residents of GJHA to minimize the overall financial impact to the organization and investment partners.
- During the fifteen months ended December 31, 2019, GJHA received approval for the construction of 2814 Patterson; a 9%, 60 multi-family, new construction LIHTC property. Construction began in February 2020.
- For calendar year 2020, GJHA anticipates it will receive adequate housing assistance payment operating grant funding to achieve nearly full lease up of its Housing Choice Vouchers Program.

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 at Grand Junction Housing Authority, 8 Foresight Circle, Grand Junction, CO 81505.

FINANCIAL STATEMENTS

**GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019**

ASSETS

	Primary Government	Discretely Presented Component Units	Memorandum Only - Total Reporting Entity
Current assets:			
Cash and cash equivalents	\$ 3,744,092	\$ 723,912	\$ 4,468,004
Tenant security deposits	165,303	248,979	414,282
Accounts receivable, net	1,796,849	61,322	1,858,171
Inventory	<u>131,437</u>	<u>-</u>	<u>131,437</u>
Total current assets	<u>5,837,681</u>	<u>1,034,213</u>	<u>6,871,894</u>
Non-current assets:			
Restricted cash	695,139	1,039,458	1,734,597
Notes receivable, non-current	8,873,963	-	8,873,963
Capital assets, net	18,179,771	55,995,196	74,174,967
Accrued interest receivable	3,341,236	-	3,341,236
Other assets	<u>254,479</u>	<u>311,874</u>	<u>566,353</u>
Total non-current assets	<u>31,344,588</u>	<u>57,346,528</u>	<u>88,691,116</u>
Total assets	<u>\$ 37,182,269</u>	<u>\$ 58,380,741</u>	<u>\$ 95,563,010</u>

See accompanying notes to financial statements.

GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2019

LIABILITIES

	Primary Government	Discretely Presented Component Units	Memorandum Only - Total Reporting Entity
Current liabilities:			
Accounts payable, net	199,943	153,764	353,707
Accrued expenses	191,117	-	191,117
Accrued compensated absences, current	168,681	-	168,681
Tenant security deposits	146,664	250,316	396,980
Unearned revenue	38,693	-	38,693
Current portion of loans payable	334,803	180,527	515,330
Other accrued liabilities	-	499,166	499,166
	<u>1,079,901</u>	<u>1,083,773</u>	<u>2,163,674</u>
Non-current liabilities:			
Loans payable, net of current portion	12,068,236	25,016,279	37,084,515
Accrued interest	101,525	3,337,475	3,439,000
Other non-current liabilities	51,239	1,473,928	1,525,167
	<u>12,221,000</u>	<u>29,827,682</u>	<u>42,048,682</u>
	<u>13,300,901</u>	<u>30,911,455</u>	<u>44,212,356</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources:			
Grants received in advance	130,300	-	130,300
NET POSITION			
Net position:			
Net investment in capital assets	5,776,732	30,798,390	36,575,122
Restricted	591,270	-	591,270
Unrestricted (deficit)	17,383,066	(3,329,104)	14,053,962
	<u>23,751,068</u>	<u>27,469,286</u>	<u>51,220,354</u>
	<u>23,751,068</u>	<u>27,469,286</u>	<u>51,220,354</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 37,182,269</u>	<u>\$ 58,380,741</u>	<u>\$ 95,563,010</u>

See accompanying notes to financial statements.

GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019

	Primary Government	Discretely Presented Component Units	Memorandum Only - Total Reporting Entity
Operating revenues:			
Tenant revenue	\$ 2,328,819	\$ 2,727,245	\$ 5,056,064
HUD operating grants	11,145,008	-	11,145,008
Other government grants	1,153,992	-	1,153,992
Other revenues	<u>4,221,593</u>	<u>143,736</u>	<u>4,365,329</u>
Total operating revenues	<u>18,849,412</u>	<u>2,870,981</u>	<u>21,720,393</u>
Operating expenses:			
Administrative	4,162,081	796,734	4,958,815
Tenant services	174,041	-	174,041
Utilities	467,019	301,423	768,442
Ordinary maintenance and operations	2,017,922	851,940	2,869,862
Insurance	221,008	116,229	337,237
General	60,875	107,271	168,146
Housing assistance payments	8,340,400	-	8,340,400
Depreciation	<u>1,105,581</u>	<u>1,877,853</u>	<u>2,983,434</u>
Total operating expenses	<u>16,548,927</u>	<u>4,051,450</u>	<u>20,600,377</u>
Operating income (loss)	<u>2,300,485</u>	<u>(1,180,469)</u>	<u>1,120,016</u>
Non-operating revenues (expenses):			
Investment income	786,972	9,261	796,233
Interest expense	(466,753)	(1,046,228)	(1,512,981)
Gain (loss) on sale of capital assets	<u>34,498</u>	<u>-</u>	<u>34,498</u>
Net non-operating revenues (expenses)	<u>354,717</u>	<u>(1,036,967)</u>	<u>(682,250)</u>
Income (loss) before special items	2,655,202	(2,217,436)	437,766
Special items	<u>-</u>	<u>558,459</u>	<u>558,459</u>
Change in net position	2,655,202	(1,658,977)	996,225
Net position, beginning of period (as originally reported)	<u>20,786,636</u>	<u>29,128,263</u>	<u>49,914,899</u>
Prior period adjustment	<u>309,230</u>	<u>-</u>	<u>309,230</u>
Net position, beginning of period (as restated)	<u>21,095,866</u>	<u>29,128,263</u>	<u>50,224,129</u>
Net position, end of period	<u>\$ 23,751,068</u>	<u>\$ 27,469,286</u>	<u>\$ 51,220,354</u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 5,333,335
Cash received from grantors	12,433,429
Cash paid to vendors	(11,566,253)
Cash paid to employees	<u>(4,051,319)</u>
Net cash provided by operating activities	<u>2,149,192</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(1,918,129)
Proceeds from the issuance of loan payable	319,425
Disposals of capital assets	131,583
Interest paid on loan payable	(781,500)
Principal payments on loan payable	(1,133,067)
Gain/(loss) on disposal of capital assets	<u>34,498</u>
Net cash used in capital and related financing activities	<u>(3,347,190)</u>
Cash Flows from Investing Activities:	
Issuance of note receivable	(595,356)
Investment income	<u>786,972</u>
Net cash provided by investing activities	<u>191,616</u>
Net decrease in cash and cash equivalents	(1,006,382)
Cash and cash equivalents, beginning of period	<u>5,610,916</u>
Cash and cash equivalents, end of period	<u>\$ 4,604,534</u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,300,485
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,105,581
Bad debts	61,401
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable - HUD	19,721
Accounts receivable - tenants	(60,828)
Accounts receivable - other government	87,357
Accounts receivable - miscellaneous	(1,240,594)
Accounts receivable - PHA Projects	9,551
Prepaid expenses	13,805
Inventory	(33,389)
Other assets	195,532
Accrued interest receivable	(356,936)
Accounts payable	(37,738)
Accrued expenses	110,762
Accrued compensated absences	25,781
Tenant security deposits	2,944
Prepaid tenant rent	20,000
Other current liabilities	(92,043)
Grants received in advance	<u>17,800</u>
Net cash provided by operating activities	\$ <u><u>2,149,192</u></u>
A reconciliation of cash and cash equivalents to Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 3,744,092
Tenant security deposits	165,303
Restricted cash	<u>695,139</u>
	\$ <u><u>4,604,534</u></u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019**

ASSETS						
	Arbor Vista LLLP	Linden Pointe LLLP	Village Park LLLP	Highlands LLLP	Highlands II LLLP	Total
Current assets:						
Cash and cash equivalents	\$ 139,477	\$ 285,202	\$ 40,840	\$ 73,576	\$ 184,817	\$ 723,912
Tenant security deposits	46,884	70,334	53,634	39,099	39,028	248,979
Accounts receivable, net	<u>24,295</u>	<u>10,008</u>	<u>19,054</u>	<u>4,716</u>	<u>3,249</u>	<u>61,322</u>
Total current assets	<u>210,656</u>	<u>365,544</u>	<u>113,528</u>	<u>117,391</u>	<u>227,094</u>	<u>1,034,213</u>
Non-current assets:						
Restricted cash	423,053	71,898	386,211	158,296	-	1,039,458
Capital assets, net	8,018,015	5,424,643	11,579,427	15,416,611	15,556,500	55,995,196
Other assets	<u>34,677</u>	<u>-</u>	<u>42,391</u>	<u>92,607</u>	<u>142,199</u>	<u>311,874</u>
Total non-current assets	<u>8,475,745</u>	<u>5,496,541</u>	<u>12,008,029</u>	<u>15,667,514</u>	<u>15,698,699</u>	<u>57,346,528</u>
Total assets	<u>\$ 8,686,401</u>	<u>\$ 5,862,085</u>	<u>\$ 12,121,557</u>	<u>\$ 15,784,905</u>	<u>\$ 15,925,793</u>	<u>\$ 58,380,741</u>

See accompanying notes to financial statements.

**GRAND JUNCTION HOUSING AUTHORITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2019**

	LIABILITIES					
	Arbor Vista LLLP	Linden Pointe LLLP	Village Park LLLP	Highlands LLL	Highlands II LLL	Total
Current liabilities:						
Accounts payable	85,871	40,571	17,500	1,090	8,732	153,764
Tenant security deposits	46,884	70,334	53,634	39,099	40,365	250,316
Current portion of bonds and notes payable	50,383	63,285	45,865	20,994	-	180,527
Other current liabilities	<u>81,974</u>	<u>88,379</u>	<u>179,030</u>	<u>77,016</u>	<u>72,767</u>	<u>499,166</u>
Total current liabilities	<u>265,112</u>	<u>262,569</u>	<u>296,029</u>	<u>138,199</u>	<u>121,864</u>	<u>1,083,773</u>
Non-current liabilities:						
Accrued interest	1,849,840	678,045	371,710	238,614	199,266	3,337,475
Bonds, loans, and notes payable, net of current portion	4,197,583	2,730,126	3,290,866	2,339,713	12,457,991	25,016,279
Other liabilities - non-current	<u>247,558</u>	<u>-</u>	<u>10,251</u>	<u>117,016</u>	<u>1,099,103</u>	<u>1,473,928</u>
Total non-current liabilities	<u>6,294,981</u>	<u>3,408,171</u>	<u>3,672,827</u>	<u>2,695,343</u>	<u>13,756,360</u>	<u>29,827,682</u>
Total liabilities	<u>6,560,093</u>	<u>3,670,740</u>	<u>3,968,856</u>	<u>2,833,542</u>	<u>13,878,224</u>	<u>30,911,455</u>
	NET POSITION					
Net position:						
Net investment in capital assets	3,770,049	2,631,232	8,242,696	13,055,904	3,098,509	30,798,390
Unrestricted	<u>(1,643,741)</u>	<u>(439,887)</u>	<u>(89,995)</u>	<u>(104,541)</u>	<u>(1,050,940)</u>	<u>(3,329,104)</u>
Total net position	<u>\$ 2,126,308</u>	<u>\$ 2,191,345</u>	<u>\$ 8,152,701</u>	<u>\$ 12,951,363</u>	<u>\$ 2,047,569</u>	<u>\$ 27,469,286</u>

**GRAND JUNCTION HOUSING AUTHORITY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Arbor Vista LLLP	Linden Pointe LLLP	Village Park LLLP	Highlands LLL	Highlands II LLL	Total
Operating revenues:						
Tenant revenue	\$ 601,739	\$ 733,638	\$ 605,474	\$ 476,363	\$ 310,031	\$ 2,727,245
Other revenues	<u>29,316</u>	<u>38,609</u>	<u>19,925</u>	<u>40,027</u>	<u>15,859</u>	<u>143,736</u>
Total operating revenue	<u>631,055</u>	<u>772,247</u>	<u>625,399</u>	<u>516,390</u>	<u>325,890</u>	<u>2,870,981</u>
Operating expenses:						
Administrative	162,559	181,833	158,852	154,100	139,390	796,734
Utilities	50,248	62,361	52,957	86,957	48,900	301,423
Ordinary maintenance and operations	288,489	273,806	186,017	74,501	29,127	851,940
Insurance	19,600	27,338	25,906	27,796	15,589	116,229
General	18,085	26,986	34,321	7,751	20,128	107,271
Depreciation	<u>514,942</u>	<u>325,926</u>	<u>385,191</u>	<u>462,885</u>	<u>188,909</u>	<u>1,877,853</u>
Total operating expenses	<u>1,053,923</u>	<u>898,250</u>	<u>843,244</u>	<u>813,990</u>	<u>442,043</u>	<u>4,051,450</u>
Operating income (loss)	<u>(422,868)</u>	<u>(126,003)</u>	<u>(217,845)</u>	<u>(297,600)</u>	<u>(116,153)</u>	<u>(1,180,469)</u>
Non-operating revenues (expenses):						
Investment income	3,412	1,902	2,365	1,445	137	9,261
Interest expense	<u>(315,947)</u>	<u>(188,610)</u>	<u>(188,542)</u>	<u>(134,907)</u>	<u>(218,222)</u>	<u>(1,046,228)</u>
Net non-operating revenue (expenses)	<u>(312,535)</u>	<u>(186,708)</u>	<u>(186,177)</u>	<u>(133,462)</u>	<u>(218,085)</u>	<u>(1,036,967)</u>
Gain/(Loss) before capital grants and special items and transfers	(735,403)	(312,711)	(404,022)	(431,062)	(334,238)	(2,217,436)
Capital contributions/(distributions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,459</u>	<u>558,459</u>
Change in net position	(735,403)	(312,711)	(404,022)	(431,062)	224,221	(1,658,977)
Net position, beginning 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>
Net position, end of year	<u>\$ 2,126,308</u>	<u>\$ 2,191,345</u>	<u>\$ 8,152,701</u>	<u>\$ 12,951,363</u>	<u>\$ 2,047,569</u>	<u>\$27,469,286</u>

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

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 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.

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 GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. 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 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.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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 Vouchers 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 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* ("GASB 75"). GASB 75 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with post employment benefits other than pensions ("OPEB") of State and Local Governments. For defined benefit OPEB, GASB 75 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 75 details the recognition and disclosure requirements for employers with liabilities to a defined benefit OPEB plan and for employers whose employees are provided with defined contribution OPEB.

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.

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 units:

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

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).

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).

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Discretely Presented Component Units: (continued)

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, 2019 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.

Blended Component Units:

Doors 2 Success

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

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:

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.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

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.

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.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 are 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 15 months then ended December 31, 2019, 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.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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, inter-program 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 15 MONTHS ENDED DECEMBER 31, 2019**

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 Public and Indian 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.

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.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 2. CASH ON DEPOSIT

As of December 31, 2019, the Authority had funds on deposit in checking and money market accounts.

As of December 31, 2019, the carrying amount of the Primary Government's cash deposits was \$4,604,534 and the bank balances approximated \$5,631,103. 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	\$ 3,744,092	\$ 723,912	\$ 4,468,004
Tenant security deposits	165,303	248,979	414,282
Restricted	<u>695,139</u>	<u>1,039,458</u>	<u>1,734,597</u>
	<u>\$ 4,604,534</u>	<u>\$ 2,012,349</u>	<u>\$ 6,616,883</u>

Of the Primary Government's bank balances, \$500,000 was covered by federal depository insurance and the remaining \$5,131,103 was collateralized with the pledging financial institution as of December 31, 2019.

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 December 31, 2019, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable, net consists of the following at December 31, 2019:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Accounts receivable - tenants, net	\$ 27,286	\$ 3,249	\$ 30,535
Accounts receivable - HUD	96,790	-	96,790
Accounts receivable - miscellaneous	<u>1,672,773</u>	<u>58,073</u>	<u>1,730,846</u>
Total accounts receivable, net	<u>\$ 1,796,849</u>	<u>\$ 61,322</u>	<u>\$ 1,858,171</u>

A. Accounts receivable - tenants, net

Accounts receivable - tenants, net are shown net of an allowance for doubtful accounts of \$15,683 as of December 31, 2019.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 3. ACCOUNTS RECEIVABLE (continued)

B. 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 December 31, 2019. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

C. 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.

NOTE 4. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of December 31, 2019:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Housing assistance payment reserves	\$ 73,350	\$ -	\$ 73,350
FSS Escrow	50,006	-	50,006
Tenant security deposits	165,303	248,979	414,282
Replacement reserves	571,783	-	571,783
Other reserves	<u>-</u>	<u>1,039,458</u>	<u>1,039,458</u>
	<u>\$ 860,442</u>	<u>\$ 1,288,437</u>	<u>\$ 2,148,879</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.

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 5. NOTES RECEIVABLE

Notes receivable of the primary government consists of the following at December 31, 2019:

<u>Description</u>	<u>Amount</u>
Four (4) 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.	\$ 1,254,457
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
Developer fee receivable from Arbor Vista accruing at interest at 5.1% with payments due from available cash. The developer fee and accrued interest are due December 31, 2024.	247,558
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
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.	10,695
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
Developer fee receivable from The Highlands accruing at interest at 5.1% with payments due from available cash. The developer fee and accrued interest are due December 31, 2024.	117,016
Four (4) notes receivable from The 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>2,446,350</u>
Total notes receivable	<u>\$ 8,873,963</u>

Accrued interest on the aforementioned notes receivable totaled \$3,341,236 at December 31, 2019.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019

NOTE 6. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the 15 months then ended December 31, 2019:

Description	September 30, 2018	Additions	Disposals	Transfers	December 31, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,680,138	\$ 430,128	\$ (64,600)	\$ -	\$ 3,045,666
Construction in progress	<u>479,291</u>	<u>1,209,841</u>	<u>-</u>	<u>(131,733)</u>	<u>1,557,399</u>
Total	<u>3,159,429</u>	<u>1,639,969</u>	<u>(64,600)</u>	<u>(131,733)</u>	<u>4,603,065</u>
<u>Depreciable capital assets:</u>					
Buildings	24,104,505	204,694	(110,001)	131,733	24,330,931
Leasehold improvements	1,503,758	-	-	-	1,503,758
Furniture and equipment	<u>1,927,744</u>	<u>73,466</u>	<u>-</u>	<u>-</u>	<u>2,001,210</u>
Total	<u>27,536,007</u>	<u>278,160</u>	<u>(110,001)</u>	<u>131,733</u>	<u>27,835,899</u>
Less: accumulated depreciation	<u>13,196,630</u>	<u>1,105,581</u>	<u>(43,018)</u>	<u>-</u>	<u>14,259,193</u>
Net capital assets	<u>\$ 17,498,806</u>	<u>\$ 812,548</u>	<u>\$ (131,583)</u>	<u>\$ -</u>	<u>\$ 18,179,771</u>

The Authority's discretely presented component unit's capital assets activity for the year ended December 31, 2019 was as follows:

Description	September 30, 2018	Additions	Disposals	Transfers	December 31, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,069,724	\$ -	\$ -	\$ -	\$ 3,069,724
Construction in progress	<u>9,244,521</u>	<u>-</u>	<u>-</u>	<u>(9,244,521)</u>	<u>-</u>
Total	<u>12,314,245</u>	<u>-</u>	<u>-</u>	<u>(9,244,521)</u>	<u>3,069,724</u>
<u>Depreciable capital assets:</u>					
Buildings	\$ 45,374,141	\$ 4,435,736	\$ -	\$ 9,244,521	\$ 59,054,398
Leasehold improvements	6,445,492	756,568	-	-	7,202,060
Furniture and equipment	<u>1,240,580</u>	<u>735,463</u>	<u>-</u>	<u>-</u>	<u>1,976,043</u>
Total	<u>53,060,213</u>	<u>5,927,767</u>	<u>-</u>	<u>9,244,521</u>	<u>68,232,501</u>
Less: accumulated depreciation	<u>13,429,176</u>	<u>1,877,853</u>	<u>-</u>	<u>-</u>	<u>15,307,029</u>
Net capital assets	<u>\$ 51,945,282</u>	<u>\$ 4,049,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,995,196</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.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019

NOTE 7. ACCRUED COMPENSATED ABSENCES (continued)

As of December 31, 2019, accrued compensated absences amounted to \$168,681 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	\$ 142,900	\$ -	\$ 142,900
Compensated absences expense	28,658	-	28,658
Compensated absences redeemed	<u>(2,877)</u>	<u>-</u>	<u>(2,877)</u>
Ending compensated absences	168,681	-	168,681
Less: current portion	<u>168,681</u>	<u>-</u>	<u>168,681</u>
Compensated absences, net of current portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8. LOANS PAYABLE

The Primary Government has loans payable consisting of the following as of December 31, 2019:

<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.	\$ 1,238,812
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.	2,229,365
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 include interest at 3% until November 8, 2018, at which time monthly payments will be \$7,189 including interest at 4.17% until November 8, 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 October 8, 2035 and is collateralized by a deed of trust on the Monument Business Center property.	994,425
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.	151,291
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.	365,529

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

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.	2,424,105
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.	3,683,407
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.	400,314
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.	381,811
Note payable to the Bank of Colorado in the original amount of \$319,425. Interest accrues at 2.95% with monthly payments of \$1,771 beginning on December 1, 2019. The loan matures on November 1, 2029 and is collateralized by real property at 2517 Foresight Circle.	<u>317,506</u>
Total loans payable	12,403,039
Less: current portion	<u>334,803</u>
Loans payable, excluding current portion	<u>\$ 12,068,236</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 334,803	\$ 319,251	\$ 654,054
2021	387,363	304,053	691,416
2022	399,316	293,092	692,408
2023	411,674	281,779	693,453
2024	405,235	724,118	1,129,353
2025-2029	2,255,284	1,168,333	3,423,617
2030-2034	4,723,018	803,901	5,526,919
2035-2039	2,838,382	192,662	3,031,044
2040-2042	<u>647,964</u>	<u>9,677</u>	<u>657,641</u>
	<u>\$ 12,403,039</u>	<u>\$ 4,096,866</u>	<u>\$ 16,499,905</u>

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 8. LOANS PAYABLE (continued)

Debt activity for the primary government for the 15 months then ended December 31, 2019 consisted of the following:

Description	September 30 2018	Advances	Principal Reductions	December 31, 2019
Loan payable	\$ <u>13,216,681</u>	\$ <u>319,425</u>	\$ <u>(1,133,067)</u>	\$ <u>12,403,039</u>

The DPCU's have loans payable consisting of the following as of December 31, 2019:

<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.	\$ 1,474,867
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.	301,293
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.	1,238,886
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.	300,068
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.	1,254,457
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.	1,203,730
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.	2,296,731
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.	482,426
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.	674,551

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

NOTE 8. LOANS PAYABLE (continued)

<u>Description</u>	<u>Amount</u>
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>10,011,641</u>
Total loans payable	25,196,806
Less: current portion of loans payable	<u>180,527</u>
Total loans payable, excluding current portion	<u>\$ 25,016,279</u>

NOTE 9. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government consisted of the following as of December 31, 2019:

<u>Description</u>	<u>September 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>	<u>Due within one year</u>
Line of credit	\$ 90,539	\$ -	\$ (90,539)	\$ -	\$ -
FSS Escrow	52,743	-	(2,737)	50,006	-
Other liabilities	-	1,233	-	1,233	-
Accrued interest	<u>416,272</u>	<u>22,822</u>	<u>(337,569)</u>	<u>101,525</u>	<u>-</u>
Total	<u>\$ 559,554</u>	<u>\$ 24,055</u>	<u>\$ (430,845)</u>	<u>\$ 152,764</u>	<u>\$ -</u>

Non-current liabilities of the DPCU's consisted of the following as of December 31, 2019:

<u>Description</u>	<u>September 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>	<u>Due within one year</u>
Developer fee	\$ 975,487	\$ 498,441	\$ -	\$ 1,473,928	\$ -
Accrued interest	<u>2,800,971</u>	<u>536,504</u>	<u>-</u>	<u>3,337,475</u>	<u>-</u>
Total	<u>\$ 3,776,458</u>	<u>\$ 1,034,945</u>	<u>\$ -</u>	<u>\$ 4,811,403</u>	<u>\$ -</u>

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

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 \$359,178 for the 15 months ended December 31, 2019. Total employee contributions for the 15 months ended December 31, 2019 were \$284,737.

NOTE 11. RESTRICTED NET POSITION

At December 31, 2019, restricted net position consisted of the following:

<u>Description</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 53,658
Reserves for replacement	<u>537,612</u>
	<u>\$ 591,270</u>

Housing assistance payment reserves are restricted for rent payments to landlords as part of the Section 8 Housing Choice Vouchers and Mainstream Voucher Programs.

Reserves for replacement are restricted for future expenditures associated with Ratekin Towers, which is included in the Authority's Section 8 New Construction Program, and Crystal Brook and Lincoln Apartments, which are included in the Authority's state and local programs.

NOTE 12. CONDENSED INFORMATION FOR THE BLENDED COMPONENT UNITS

	<u>Doors 2 Success</u>
Assets:	
Current assets	\$ <u>102,876</u>
Total assets	<u>102,876</u>
Liabilities:	
Current liabilities	<u>88,563</u>
Net Position:	
Unrestricted	<u>14,313</u>
Net position	<u>\$ 14,313</u>

**GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

**NOTE 12. CONDENSED INFORMATION FOR THE BLENDED COMPONENT UNITS
(continued)**

	<u>Doors 2 Success</u>
Operating revenues:	
Other governmental grants	\$ 59,056
Other revenues	111,237
Total operating revenues	170,293
Operating expenses:	
Administrative	43,092
Tenant services	73,896
Utilities	550
Repairs and maintenance	45,003
Total operating expenses	162,541
Other income:	
Investment Income	163
Transfers in	6,609
Net income	\$ 14,524

NOTE 13. 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 December 31, 2019, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. 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 15. PRIOR PERIOD ADJUSTMENT

The Authority's financial statements have been restated due to the correction of an error related to a note receivable that was incorrectly excluded in the prior years. As a result of the error, unrestricted net position and notes receivable have been increased by \$309,230 as of September 30, 2018.

GRAND JUNCTION HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019

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. Subsequent events have been evaluated through July 27, 2020, which is the date the financial statements were available to be issued. The spread of a novel strain of coronavirus (COVID-19) in 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.

**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 of the
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 December 31, 2019, and for the 15 months then ended for the business-type activities (primary government) and for the year ended for the discretely presented component units, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated July 27, 2020. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

July 27, 2020
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 of the
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 15 months ended December 31, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 15 months ended December 31, 2019.

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 & Company LLP

July 27, 2020
Toms River, New Jersey

**GRAND JUNCTION HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

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:			
Housing Voucher Cluster			
Mainstream Vouchers	14.879	N/A	\$ 109,418
Section 8 Housing Choice Vouchers	14.871	N/A	<u>9,173,559</u>
Total Housing Voucher Cluster			9,282,977
Section 8 Project-Based Cluster			
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	1,245,524
Section 8 Housing Assistance Payments Program	14.195	N/A	<u>239,817</u>
Total Section 8 Project-Based Cluster			1,485,341
Family Self-Sufficiency Program Coordinator	14.896	N/A	59,253
Multifamily Housing Service Coordinators	14.191	N/A	66,078
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	N/A	<u>3,132,399</u>
Subtotal United States Department of Housing and Urban Development Direct Programs			<u>14,026,048</u>
United States Department of Housing and Urban Development Pass Through Programs From: State of Colorado - Department of Local Affairs:			
Home Investment Partnerships Program	14.239	CMS-46791	<u>195,410</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>171,623</u>
Total Expenditures of Federal Awards			\$ <u><u>14,393,081</u></u>

**GRAND JUNCTION HOUSING AUTHORITY
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE 15 MONTHS ENDED DECEMBER 31, 2019**

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 (the "Authority") under programs of the federal government for the 15 months ended December 31, 2019. 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 Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the 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 period and loans made during the period are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at December 31, 2019 consisted of:

<i>CFDA Number</i>	<i>Program Name</i>	<i>Outstanding Balance at December 31, 2019</i>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Projects	\$ <u>3,065,245</u>

**GRAND JUNCTION HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2019**

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>
14.182	Section 8 New Construction and Substantial Rehabilitation
14.195	Section 8 Housing Assistance Payments Program
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Projects

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

GRAND JUNCTION HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2019

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 questioned 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)																
December 31, 2019																
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.879 - Mainstream Vouchers	14.896 - FSS	14.195 - Section 8 Housing Assistance Payments Program_Special Allocations	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	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		\$ 292,281	\$ 745,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,153	\$ 2,529,781	\$ 723,912	\$ 91,989		\$ 4,468,004
112	Cash - restricted - modernization and developmen		-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted		388,859	69,698	53,658	-	-	-	-	-	-	182,924	1,039,458	-	-	1,734,597
114	Cash - tenant security deposit:		95,031	-	-	-	-	-	-	-	-	59,385	248,979	10,887	-	414,282
115	Cash - restricted for payment of current liability		-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Total cash		776,171	815,586	53,658	-	-	-	-	-	84,153	2,772,090	2,012,349	102,876	-	6,616,883
	Accounts and notes receivables															
121	Accounts receivable - PHA project		-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other project		-	80,079	-	13,381	-	2,330	-	-	-	1,000	-	-	-	96,790
124	Accounts receivable - other governmen		-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneou		-	-	105	-	-	-	-	42,982	-	1,629,686	58,073	-	-	1,730,846
126	Accounts receivable- tenant		11,737	-	-	-	-	-	-	-	-	12,862	3,249	-	-	27,848
126.1	Allowance for doubtful accounts - tenant		-	-	-	-	-	-	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - othe		-	-	-	-	-	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- curren		-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery		-	18,370	-	-	-	-	-	-	-	-	-	-	-	18,370
128.1	Allowance for doubtful accounts - fraud		-	(15,683)	-	-	-	-	-	-	-	-	-	-	-	(15,683)
129	Accrued interest receivable		-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful account		11,737	82,766	-	13,486	-	2,330	-	42,982	-	1,643,548	61,322	-	-	1,838,171
	Current investments:															
131	Investments - unrestricted		-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted		-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liabili		-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
143	Inventories		-	-	-	-	-	-	-	-	-	131,437	-	-	-	131,437
143.1	Allowance for obsolete inventorie		-	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Interprogram - due from		2,035	-	-	-	-	-	-	-	-	1,045,603	-	-	(1,047,638)	-
145	Assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS		789,943	898,352	53,658	13,486	-	2,330	-	42,982	84,153	5,592,678	2,073,671	102,876	(1,047,638)	8,606,491
	NONCURRENT ASSETS:															
	Fixed assets:															
161	Land		853,841	-	-	-	-	-	-	-	-	2,191,825	3,069,724	-	-	6,115,390
162	Buildings		15,215,732	-	-	-	-	-	-	-	-	10,618,957	59,054,398	-	-	84,889,087
163	Furniture, equipment & machinery - dwelling		776,878	-	-	-	-	3,532	-	-	-	636,504	1,976,043	-	-	3,392,957
164	Furniture, equipment & machinery - administratic		7,382	138,686	-	1,278	-	-	-	-	-	436,950	-	-	-	584,296
165	Leasehold improvement		-	-	-	-	-	-	-	-	-	-	7,202,000	-	-	7,202,000
166	Accumulated depreciaior		(8,950,473)	(133,862)	-	(1,278)	-	(2,767)	-	-	-	(5,170,813)	(15,307,029)	-	-	(29,566,223)
167	Construction in Progress		1,208,319	-	-	-	-	-	-	-	-	349,080	-	-	-	1,557,399
168	Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation		9,111,679	4,824	-	-	-	765	-	-	-	9,062,503	35,995,196	-	-	74,174,967
	Other non-current assets															
171	Notes and mortgages receivable - non-curren		-	-	-	-	-	-	-	-	-	12,215,199	-	-	-	12,215,199
172	Notes and mortgages receivable-non-current - past du		-	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other assets		-	-	-	-	-	-	-	-	-	-	311,874	-	-	311,874
175	Undistributed debit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
176	Investment in joint venture		-	-	-	-	-	-	-	-	-	254,479	-	-	-	254,479
180	TOTAL NONCURRENT ASSETS		9,111,679	4,824	-	-	-	765	-	-	-	21,532,181	56,307,070	-	-	86,956,519
200	Deferred Outflow of Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
290	TOTAL ASSETS		9,901,622	903,176	53,658	13,486	-	3,095	-	42,982	84,153	27,124,859	58,380,741	102,876	(1,047,638)	95,563,010

Housing Authority of the City of Grand Junction																
CO051																
Financial Data Schedule (FDS)																
December 31, 2019																
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.879 - Mainstream Vouchers	14.896 - FSS	14.195 - Section 8 Housing Assistance Program_Special Allocations	14.919 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	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		82,640	2,551	-	214	-	63	-	75	138	26,626	153,764	87,636	-	353,707
313	Accounts payable > 90 days past due		-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable		13,737	28,394	-	2,915	-	2,992	-	3,381	6,027	132,849	-	822	-	191,117
322	Accrued compensated absences - current portion		5,842	35,673	-	1,465	-	1,843	-	3,802	4,471	115,480	-	105	-	168,681
324	Accrued contingency liability		-	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable		-	-	-	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA program		-	-	-	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA project		-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government		-	-	-	-	-	-	-	-	-	-	-	-	-	-
341	Tenant security deposit		93,329	-	-	-	-	-	-	-	-	-	53,335	250,316	-	396,980
342	Prepaid items		-	-	-	-	-	-	-	-	-	-	38,693	-	-	38,693
343	Current portion of L-T debt - capital project		160,215	-	-	-	-	-	-	-	-	-	174,588	180,527	-	515,330
344	Current portion of L-T debt - operating borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities		-	-	-	-	-	-	-	-	-	-	-	499,166	-	499,166
346	Accrued liabilities - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Interprogram - due to		-	-	-	149	-	2,035	-	98,246	-	947,208	-	-	(1,047,638)	-
310	TOTAL CURRENT LIABILITIES		355,763	66,618	-	4,743	-	6,933	-	105,504	10,636	1,488,779	1,083,773	88,563	(1,047,638)	2,163,674
NONCURRENT LIABILITIES																
351	Long-term debt, net of current - capital project		7,589,654	-	-	-	-	-	-	-	-	4,478,382	25,016,279	-	-	37,084,315
352	Long-term debt, net of current - operating borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other		73,159	50,006	-	-	-	-	-	-	-	29,599	4,811,403	-	-	4,964,167
354	Accrued compensated absences - noncurrent		-	-	-	-	-	-	-	-	-	-	-	-	-	-
355	Loan Liability - Non Current		-	-	-	-	-	-	-	-	-	-	-	-	-	-
356	PASB 3 Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liability		-	-	-	-	-	-	-	-	-	-	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES		7,662,813	50,006	-	4,743	-	6,933	-	105,504	10,636	4,508,181	29,827,682	-	-	42,048,682
300	TOTAL LIABILITIES		8,018,576	116,624	-	4,743	-	6,933	-	105,504	10,636	5,996,960	30,911,455	88,563	(1,047,638)	44,212,356
400	Deferred Inflow of Resources		-	-	-	-	-	-	-	-	80,300	50,000	-	-	-	130,300
EQUITY:																
508.4	Invested in Capital Assets, Net of Related Deb		1,361,810	4,824	-	-	-	765	-	-	-	4,409,333	30,798,390	-	-	36,575,122
511.4	Restricted Net Assets		388,859	-	53,658	-	-	-	-	-	-	148,753	-	-	-	591,270
512.4	Unrestricted Net Assets		132,377	781,728	-	8,743	-	(4,603)	-	(62,522)	(6,783)	16,519,813	(3,329,104)	14,313	-	14,053,962
513	TOTAL EQUITY		1,883,046	786,552	53,658	8,743	-	(3,838)	-	(62,522)	(6,783)	21,077,899	27,469,286	14,313	-	51,220,354
600	TOTAL LIABILITIES AND EQUITY		\$ 9,901,622	\$ 903,176	\$ 53,658	\$ 13,486	\$ 3,095	\$ 42,982	\$ 84,153	\$ 27,124,859	\$ 58,380,741	\$ 102,876	\$ (1,047,638)	\$ 95,563,010		
Proof of concept																

Housing Authority of the City of Grand Junction																
CO051																
Financial Data Schedule (FDS)																
December 31, 2019																
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.879 - Mainstream Vouchers	14.896 - FSS	14.195 - Section 8 Housing Assistance Payments Program_Special Allocations	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	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		\$ 1,491,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 773,616	\$ 2,727,245	\$ -		\$ 4,992,329
70400	Tenant revenue - other		38,860	-	-	-	-	-	-	-	-	24,875	-	-	-	63,735
70500	Total tenant revenue		1,530,328	-	-	-	-	-	-	-	-	798,491	2,727,245	-	-	5,056,064
70600	HUD PHA grants		1,245,524	9,175,850	163,076	59,253	239,817	66,078	-	195,410	-	-	-	-	-	11,145,008
70610	Capital grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-
70710	Management fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset management fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book keeping fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants		-	-	-	-	-	-	-	85,813	171,623	837,500	-	59,056	-	1,153,992
71100	Investment income - unrestricted		2,180	3,076	-	3	-	-	-	-	114	776,373	9,261	114	-	791,121
71200	Mortgage interest income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sal		-	-	-	-	-	-	-	-	-	-	-	-	-	-
71301	Cost of sale of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery		-	4,299	-	-	-	-	-	-	-	-	-	-	-	4,299
71500	Other revenue		1,524,228	16,187	-	-	-	-	-	-	-	3,901,358	143,736	111,237	(1,335,716)	4,361,030
71600	Gain or loss on sale of fixed asset		-	-	-	-	-	-	-	-	-	34,498	-	-	-	34,498
72000	Investment income - restrictex		4,309	-	-	-	-	-	-	-	-	754	-	49	-	5,112
70000	TOTAL REVENUE		4,306,569	9,199,412	163,076	59,256	239,817	66,078	-	281,223	171,737	6,348,974	2,880,242	170,456	(1,335,716)	22,551,124
EXPENSES:																
Administrative																
91100	Administrative salarie		273,533	559,801	-	366	-	59,964	-	63,180	85,688	1,554,770	276,814	7,097	-	2,881,213
91200	Auditing fees		8,060	13,987	-	-	-	333	-	550	366	8,527	-	3,084	-	35,107
91300	Outside management fees		-	-	-	-	-	-	-	-	-	-	185,756	-	-	185,756
91310	Book-keeping fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing		2,625	1,330	-	4	-	6	-	7	7	6,492	44,137	-	-	54,608
91500	Employee benefit contributions- administrativ		71,178	112,485	-	-	12,393	-	18,802	34,138	334,590	15,972	2,371	-	-	601,929
91600	Office expenses		53,967	109,203	-	3,677	6,185	-	3,324	4,142	177,058	40,974	1,467	-	-	399,997
91700	Legal expenses		3,317	1,145	-	-	-	-	-	-	300	25,428	40,926	-	-	71,116
91800	Travel		6,746	36,533	-	756	-	2,583	-	639	4,266	48,471	-	2,310	-	102,304
91810	Allocated overhead		-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other		433,079	164,980	8,705	9,654	-	10,083	-	25,554	39,211	336,809	192,155	26,763	(620,208)	626,785
	Total administrative		852,505	999,464	8,705	14,457	-	91,747	-	112,056	168,118	2,492,145	796,734	43,092	(620,208)	4,958,815
92000	Asset Management Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tenant services																
92100	Tenant services - salaries		-	-	-	26,764	-	-	-	-	-	-	-	-	-	26,764
92200	Relocation costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant service		-	-	-	7,810	-	-	-	-	-	-	-	-	-	7,810
92400	Tenant services - other		5,462	-	-	-	-	-	-	54,882	-	5,227	-	73,896	-	139,467
	Total tenant services		5,462	-	-	34,574	-	-	-	54,882	-	5,227	-	73,896	-	174,041

Housing Authority of the City of Grand Junction																
CO051																
Financial Data Schedule (FDS)																
December 31, 2019																
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.879 - Mainstream Vouchers	14.896 - FSS	14.195 - Section 8 Housing Assistance Payments Program_Special Allocations	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	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
	Utilities															
93100	Water		86,528	-	-	-	-	-	-	-	-	30,368	157,322	-	-	274,218
93200	Electricity		152,353	-	-	-	-	-	-	-	-	17,197	101,495	550	-	271,595
93300	Gas		-	-	-	-	-	-	-	-	-	-	12,746	-	-	12,746
93400	Fuel		69,002	-	-	-	-	-	-	-	-	13,753	-	-	-	82,755
93500	Labor		-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer		57,311	-	-	-	-	-	-	-	-	20,597	-	-	-	77,908
93700	Employee benefit contributions- utility		-	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense		1,736	13,101	-	287	-	68	-	294	355	3,519	29,860	-	-	49,220
	Total utilities	-	366,930	13,101	-	287	-	68	-	294	355	85,434	301,423	550	-	768,442
	Ordinary maintenance & operator															
94100	Ordinary maintenance and operations - labo		447,163	11,565	-	260	-	61	-	260	321	930,576	321,797	26,579	(665,426)	1,073,156
94200	Ordinary maintenance and operations - materials & othc		62,885	1,368	-	4	-	2	-	3	583	144,320	279,237	4,115	-	492,517
94300	Ordinary maintenance and operations - contract cost		701,476	11,032	-	296	-	77	-	289	314	145,518	250,906	14,309	-	1,124,217
94500	Employee benefit contributions- ordinary maintenanc		-	-	-	-	-	-	-	-	-	179,972	-	-	-	179,972
	Total ordinary maintenanc	-	1,211,524	23,965	-	560	-	140	-	552	1,218	1,400,386	851,940	45,003	(665,426)	2,869,862
	Protective services															
95100	Protective services - labo		-	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services- other contract cost		-	-	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective services - othe		-	-	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective servic		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total protective service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	General expenses															
96100	Insurance premiums		-	-	-	-	-	-	-	-	-	-	-	-	-	-
96110	Property Insurance		57,848	-	-	899	-	-	-	-	-	19,471	116,229	-	-	194,447
96120	Liability Insurance		12,761	-	-	-	-	-	-	-	-	8,141	-	-	-	20,902
96130	Workmen's Compensator		1,386	10,088	-	-	-	1,124	-	1,210	2,106	43,354	-	-	-	59,268
96140	All Other Insurance		8,032	4,932	-	-	-	-	-	-	-	49,656	-	-	-	62,620
96200	Other general expenses		50,082	4,867	-	-	-	-	-	-	-	384	72,836	-	(50,082)	78,087
96210	Compensated absences		-	17,983	-	-	-	-	-	236	-	10,439	-	-	-	28,658
96300	Payments in lieu of taxe		-	-	-	-	-	-	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents		10,775	-	-	-	-	-	-	-	-	16,191	34,435	-	-	61,401
96500	Bad debt- mortgages		-	-	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
96700	Interest expense		246,861	-	-	-	-	-	-	-	-	-	-	-	-	246,861
96710	Interest of Mortgage or Bonds Payabl		-	-	-	-	-	-	-	-	-	196,168	1,046,228	-	-	1,242,396
96720	Interest on Notes Payable (Short and Long Term		-	-	-	-	-	-	-	-	-	23,724	-	-	-	23,724
96730	Amortization of Bond Issue Cost		-	-	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total general expenses	-	387,745	37,870	-	899	-	1,124	-	1,446	2,106	367,528	1,269,728	-	(50,082)	2,018,364
96900	TOTAL OPERATING EXPENSES	-	2,824,166	1,074,400	8,705	50,777	-	93,079	-	169,230	171,797	4,350,720	3,219,825	162,541	(1,335,716)	10,789,524
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	-	1,482,403	8,125,012	154,371	8,479	239,817	(27,001)	-	111,993	(60)	1,998,254	(339,583)	7,915	-	11,761,600

Housing Authority of the City of Grand Junction																	
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December 31, 2019																	
Line Item #	Account Description	Projects	14.182 - Section 8 New Construction (Funds 20, 30, 35)	14.870 - HCV	14.879 - Mainstream Vouchers	14.896 - FSS	14.195 - Section 8 Housing Assistance Payments Program_Special Allocations	14.191 Multifamily Housing Service Coordinators	14.169 - Housing Counseling Assistance Program	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 capitalize		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
97300	Housing assistance payment:		-	8,088,979	100,713	-	-	-	-	140,528	-	-	-	-	-	8,330,220	
97350	HAP Portability - ir		-	10,180	-	-	-	-	-	-	-	-	-	-	-	10,180	
97400	Depreciation expense		519,754	11,368	-	-	-	442	-	-	-	574,017	1,877,853	-	-	2,983,434	
97500	Fraud losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
97800	Dwelling units rent expense		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
90000	TOTAL EXPENSES	-	3,343,920	9,184,927	109,418	50,777	-	93,521	-	309,758	171,797	4,924,737	5,097,678	162,541	(1,335,716)	22,113,358	
OTHER FINANCING SOURCES (USES)																	
10010	Operating transfers in		264,817	-	-	-	-	48,635	-	-	-	100,606	-	31,609	(445,667)	-	
10020	Operating transfers out		(48,635)	-	-	-	(239,817)	-	-	-	-	(132,215)	-	(25,000)	445,667	-	
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)		-	-	-	-	-	-	-	-	-	-	558,459	-	-	558,459	
10091	Inter Project excess cash transfer in		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10092	Inter Project excess cash transfer out		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10093	Transfers between program and project in		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10094	Transfers between program and project out		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10100	TOTAL OTHER FINANCING SOURCES (USES)	-	216,182	-	-	-	(239,817)	48,635	-	-	-	(31,609)	558,459	6,609	-	558,459	
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	1,178,831	14,485	53,658	8,479	-	21,192	-	(28,535)	(60)	1,392,628	(1,658,977)	14,524	-	996,225	
MEMO ACCOUNT INFORMATION:																	
11020	Required annual debt principal payments		258,159	-	-	-	-	-	-	-	-	277,298	162,733	-	-	698,190	
11030	Beginning equity		704,215	772,067	-	264	-	(25,030)	-	(33,987)	(6,723)	19,376,041	29,128,263	(211)	-	49,914,899	
11040	Prior period adjustments and equity transfers		-	-	-	-	-	-	-	-	-	309,230	-	-	-	309,230	
11170	Administrative fee equity		-	786,552	-	-	-	-	-	-	-	-	-	-	-	786,552	
11180	Housing assistance payments equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11190	Unit months available	-	4,395	15,661	258	-	-	-	-	-	-	1,185	-	-	-	21,499	
11210	Number of unit months leased	-	4,373	15,661	168	-	-	-	-	-	-	1,140	-	-	-	21,342	
Equity Roll Forward Test:																	
Calculation from R/E Statement			\$ -	\$ 1,883,046	\$ 786,552	\$ 53,658	\$ 8,743	\$ -	\$ (3,838)	\$ -	\$ (62,522)	\$ (6,783)	\$ 21,077,899	\$ 27,469,286	\$ 14,313	\$ -	\$ 51,220,354
B/S Line 513			\$ -	\$ 1,883,046	\$ 786,552	\$ 53,658	\$ 8,743	\$ -	\$ (3,838)	\$ -	\$ (62,522)	\$ (6,783)	\$ 21,077,899	\$ 27,469,286	\$ 14,313	\$ -	\$ 51,220,354
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -