



Financial Statements
December 31, 2019

Jefferson County Housing Authority

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Jefferson County Housing Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Jefferson County Housing Authority as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the Authority has reported a change in its reporting entity as described under the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which has resulted in a restatement of the net position as of January 1, 2019.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County Housing Authority's financial statements. The accompanying combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the accompanying Financial Data Schedules (FDS) are presented for purposes of additional information as required by the Housing and Urban Development Real Estate Assessment Center (REAC) and are also not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 25, 2020, on our consideration of Jefferson County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Esde Sully LLP".

Boise, Idaho
September 25, 2020

Management's Discussion and Analysis

As management of the Jefferson County Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2019. The Management Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Authority's financial activity and position, and to identify financial trends and concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and the additional information that we have furnished in our notes to the financial statements to obtain a full understanding of its financial position.

Financial Highlights

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

- Total Net Position was \$34,568,862 at December 31, 2018 (now restated to \$39,611,078). The restatement was due to the incorporation of the Jeffco Housing Corporation as a blended component unit (increase of \$5,042,216). The Authority had an increase of \$425,237 from its restated beginning net position in 2019. The increase in net position was primarily due to increases in the overall activities of the Authority totaling \$2,010,473, offset with an impairment loss of (\$1,585,236) on one of its properties. The change in net position in 2019 was a 1.1% increase from the restated beginning net position of \$39,611,078.
- The fiscal year ended with a current ratio of 6.3, allowing the Authority to meet its current obligations 6.3 times. The current ratio for 2018 was 2.8. A portion of this increase over 2018 was due to the incorporation of Jeffco Housing Corporation as a blended component unit in 2019.
- Total Cash, Cash Equivalents and Investments were \$12,766,387 at fiscal year-end 2019 and \$10,466,607 at fiscal year-end 2018 for a net increase of \$2,299,780.
- The Section 8 Housing Choice Voucher Annual contributions increased \$3,182,202 (including \$1,577,764 in set aside funding and \$44,382 in new ACC units) in 2019 to \$16,057,199, up from 2018's \$12,874,997.
- The year was finished with a Net Increase in Net Position (Profit) of \$425,237. Of this net increase, \$527,971 was attributable to the 2019 activity of Jeffco Housing Corporation. Operating and Nonoperating Revenues, including Gain on Sale of Equity Method Investment, totaled \$28,047,323 (\$24,160,861 in prior year) and Operating and Non-Operating expenditures totaled \$27,622,086 (\$21,877,931 in prior year). This represented a net decrease of \$1,857,693 over 2018's performance prior to Jeffco Housing Corporation's incorporation as a blended component unit.
- JCHA received an award of 22 HUD Foster Youth Initiative Vouchers effective November 2019.
- As the General Partner, the Authority continued construction on land purchased in 2017, El Rancho Flats, adding 54 units to its management portfolio. The project opened early in 2020.

Using the Financial Statements

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

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

The Statement of Revenues, Expenses and Changes in Net Position shows the reader operating revenues and expenses by the Authority as a whole. This is reported on a full accrual basis where income is reported when earned and expenses are reported as incurred. This report shows the reader the net increase (decrease) in Net Position (profit/loss). Operating income is made up of tenant rents, management fees, HUD operating subsidies, developer fees, and other income. Operating expenses are Section 8 landlord payments, salaries and benefits, office expenses, insurance, utilities, maintenance and depreciation. The difference between Operating Revenue and Operating Expenses is Net Operating Income (Loss) allowing us to see if the operations of the Authority are generating an increase or decrease. The next section shows non-operating revenues and expenses. Non-operating revenues and expenses are interest income, mortgage interest expense, capital grants, gain on sale of equity method investment, and gain/loss on disposal of capital assets, bringing us to the Change in Net Position (profit/loss) for the year just ended.

Each column of the combining statements beginning on page 43 is a program. A program is a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and net position and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

The Statement of Cash Flows provides our third statement which converts our accrual accounting to cash to let the reader know if the Authority, as a whole, increased or decreased in the cash position for 2019 and what the sources or uses of the cash were.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found beginning on page 21, immediately after the Statement of Cash Flows.

Financial Analysis

STATEMENTS OF NET POSITION

	2019	2018**	Dollar Change	Percent Change
ASSETS				
Current assets	\$ 13,759,351	\$ 14,592,148	\$ (832,797)	-5.7%
Notes receivable	8,560,683	11,333,203	(2,772,520)	-24.5%
Other noncurrent assets	2,468,178	1,642,906	825,272	50.2%
Capital assets	33,685,500	26,653,006	7,032,494	26.4%
Total assets	<u>\$ 58,473,712</u>	<u>\$ 54,221,263</u>	<u>\$ 4,252,449</u>	<u>7.8%</u>
LIABILITIES				
Current liabilities	\$ 2,167,839	\$ 5,232,536	\$ (3,064,697)	-58.6%
Other payables	271,779	360,565	(88,786)	-24.6%
Mortgages payable	15,997,779	14,059,300	1,938,479	13.8%
Total liabilities	<u>18,437,397</u>	<u>19,652,401</u>	<u>(1,215,004)</u>	<u>-6.2%</u>
NET POSITION				
Net investment in capital assets	16,630,518	8,322,472	8,308,046	99.8%
Restricted	287,806	35,831	251,975	703.2%
Unrestricted	23,117,991	26,210,559	(3,092,568)	-11.8%
Total net position	<u>40,036,315</u>	<u>34,568,862</u>	<u>5,467,453</u>	<u>15.8%</u>
Total liabilities and net position	<u>\$ 58,473,712</u>	<u>\$ 54,221,263</u>	<u>\$ 4,252,449</u>	<u>7.8%</u>

** The 2018 column has not been restated to reflect the adjustment for change in reporting entity resulting from the incorporation of the Jeffco Housing Corporation as a blended component unit.

- Total Assets at 2019 year end were \$58,473,712, an increase of \$4,252,449 or 7.8% from the \$54,221,263 reported for 2018.
- Current Assets decreased by (\$832,797). Included in this decrease were increases in Cash and Restricted Cash of \$2,297,965, Investments of \$1,815, and Prepaid Expenses of \$55,683. Partially offsetting these increases were decreases in Developer Fee Receivable of (\$617,510), Tenant and Other Accounts Receivable of (\$394,346), and Notes Receivable Current Portion of (\$333,107). A decrease in Due from Jeffco Housing Corporation of (\$1,843,297) resulted from the elimination of interfund balances upon Jeffco Housing Corporation becoming a blended component unit in 2019.
- Non-Current Assets increased \$5,085,246. Included in this increase were an increase in Accrued Interest Receivable of \$531,737, an increase in Property Held for Sale of \$876,246, an increase in Capital Assets of \$7,032,494, and a decrease in Equity method investments of (\$582,711) resulting from the sale of the Authority's equity interest in Cedar Gardens/Cedar Avenue Apartments. A decrease of Notes Receivable of (\$2,772,520) resulted, in part, from the elimination of interfund balances upon Jeffco Housing Corporation becoming a blended component unit in 2019.

Financial Analysis (Continued)

- Current Liabilities at 2019 year end were \$2,167,839, a decrease of (\$3,064,697) from 2018. The change is made up of increases in Tenant Security Deposits of \$57,838, in Accounts Payable of \$83,150, and in accrued compensated absences of \$186,781, offset with decreases in Advanced Revenues of (\$2,368), in Accrued Interest Payable of (\$22,164), and the Current Portion of Mortgages Payable of (\$3,214,031). A decrease in Due to Jeffco Housing Corporation of (\$153,903) resulted from the elimination of interfund balances upon Jeffco Housing Corporation becoming a blended component unit in 2019.
- Other long-term payables were \$271,779, a decrease of (\$88,786) from the prior year due to decreases of (\$110,871) in the Long-Term portion of Compensated Absences offset with an increase of \$22,085 in Rehab Payable.
- Mortgages Payable was \$15,997,779, an increase of \$1,938,479 from last year. This change was mainly due to normal amortization of mortgage principal payments and the addition of Jeffco Housing Corporation as a blended component unit.
- At December 31, 2019, assets exceeded liabilities by \$40,036,315. This is made up of \$16,630,518 in net investment in capital assets, \$287,806 in restricted housing assistance payments, and \$23,117,991 in unrestricted net position.

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

	2019	2018**	Dollar Change	Percent Change
OPERATING REVENUES	\$ 28,589,259	\$ 23,239,018	\$ 5,350,241	23.0%
OPERATING EXPENSES	26,724,894	20,953,380	5,771,514	27.5%
NET OPERATING INCOME	1,864,365	2,285,638	(421,273)	-18.4%
NET NON-OPERATING REVENUE (EXPENSES)	(1,883,286)	(2,708)	(1,880,578)	69445.3%
GAIN ON SALE OF EQUITY METHOD INVESTMENT	444,158	-	444,158	0.0%
NET INCREASE (DECREASE) IN NET POSITION	425,237	2,282,930	(1,857,693)	-81.4%
NET POSITION, Beginning of year	34,568,862	32,285,932	2,282,930	7.1%
CHANGE IN REPORTING ENTITY	5,042,216	-	5,042,216	0.0%
NET POSITION, Beginning of year, as restated	39,611,078	32,285,932	7,325,146	22.7%
NET POSITION, End of year	<u>\$ 40,036,315</u>	<u>\$ 34,568,862</u>	<u>\$ 5,467,453</u>	<u>15.8%</u>

** The 2018 column has not been restated to reflect the adjustment for change in reporting entity resulting from the incorporation of the Jeffco Housing Corporation as a blended component unit.

Financial Analysis (Continued)

- Operating Revenues had an increase of \$5,350,241. This increase included an increase due to the incorporation of Jeffco as a blended component unit of \$2,422,346, an increase in primary government Rental Income of \$314,983, an increase in primary government Operating Subsidies of \$3,722,461, a decrease in Other Grants of (\$727,674) when compared to prior year's receipt of a CDBG grant for development, and a decrease in Other Income of (\$381,875) when compared to the prior year's receipt of \$348,492 in Developer Fee.
- Operating Expenses increased by \$5,771,514 this year. This increase included increases due to the incorporation of Jeffco as a blended component unit of \$2,103,240, in HAP expense of \$3,301,630, in Administrative salaries and benefits \$760,452 (addition of Chief Financial Officer and full year of Development Director and Chief Operating Officer on staff, as well as other necessary staffing additions and some salary adjustments to market), in insurance of \$38,029 due to market conditions, and in Regular and extraordinary maintenance expense of \$85,875, offset with decreases in Other administrative of (\$94,122), in maintenance salaries and benefits of (\$100,622) and in Other Expenses of (\$295,777).
- Non-Operating Revenues (Expenses) decreased by (\$1,880,578) in 2019. This change included a (\$1,585,236) loss on disposal of capital assets (Mountain View impairment), a decrease in gain on sale of capital assets of (\$147,586), a decrease in interest income of (\$162,126), a decrease in income from joint venture of (\$12,989) and a decrease in interest expense of (\$27,359) due to the repayment of mortgages and normal amortization.
- Gain on sale of equity method investment increased by \$444,158.

CAPITAL ASSETS

	<u>2019</u>	<u>2018**</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Non-depreciable Assets				
Land/construction in progress	\$ 9,391,030	\$ 6,279,199	\$ 3,111,831	49.6%
Depreciable Assets				
Buildings and improvements	43,060,280	33,594,199	9,466,081	28.2%
Equipment and furniture	3,697,907	2,788,501	909,406	32.6%
Total depreciable assets	46,758,187	36,382,700	10,375,487	28.5%
Less Accumulated Depreciation	<u>(22,463,717)</u>	<u>(16,008,893)</u>	<u>(6,454,824)</u>	40.3%
Total Capital Assets, Being Depreciated, Net	<u>24,294,470</u>	<u>20,373,807</u>	<u>3,920,663</u>	19.2%
Total Capital Assets, Net	<u>\$ 33,685,500</u>	<u>\$ 26,653,006</u>	<u>\$ 7,032,494</u>	<u>26.4%</u>

** The 2018 column has not been restated to reflect the adjustment for change in reporting entity resulting from the incorporation of the Jeffco Housing Corporation as a blended component unit.

Financial Analysis (Continued)

As of December 31, 2019, the Authority had \$33,685,500 invested in a broad range of capital assets, including sites, buildings, and equipment. As of December 31, 2018, this amount was \$26,653,006, an increase of \$7,032,494 (primarily due to incorporation of the Jeffco Housing Corporation as a blended component unit). Some of the significant activity in capital assets is described below in the Program Analysis and Highlights. See Note 6 in the footnotes portion of the financial statements for additional information.

CONDENSED STATEMENT OF CHANGES IN LONG-TERM DEBT

	<u>2019</u>	<u>2018**</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Mortgages Payable - Current	\$ 1,057,203	\$ 4,271,234	\$ (3,214,031)	-75.2%
Mortgages Payable	<u>15,997,779</u>	<u>14,059,300</u>	<u>1,938,479</u>	<u>13.8%</u>
Total	<u>\$ 17,054,982</u>	<u>\$ 18,330,534</u>	<u>\$ (1,275,552)</u>	<u>-7.0%</u>

** The 2018 column has not been restated to reflect the adjustment for change in reporting entity resulting from the incorporation of the Jeffco Housing Corporation as a blended component unit.

As of December 31, 2019 and 2018, the Authority had \$17,054,982 and \$18,330,534, respectively, of outstanding long-term debt for a net decrease of \$1,275,552. Details of the mortgages can be found in Note 8 in the footnotes section of the financial statements.

The Authority's Program Analysis and Highlights

General Fund Program

The General Fund Program is responsible for overall administration of the agency, as well as providing property management services and assisting with development of new affordable units in Jefferson County. The General Fund Program recognized a \$444,158 gain on sale (Joint Venture) and has a net position of \$12,637,277 at year end 2019. The Authority purchased three building lots in Golden adjacent to Mountain View and applied for federal low-income housing tax credits from the Colorado Housing and Finance Authority to develop this land, to be known as Flats at Ford Street. The project received an award of credits in 2019. The Authority has been awarded tax credits for a new project called El Rancho Flats, closed on a partnership and began construction in 2018. This project received certificates of occupancy in early 2020. During 2019, the authority segregated **Development** out its business activities within the General Fund into a separate fund with a year end net position of \$300,525.

Public Housing Program

During 2006, HUD granted a disposition request to the Authority for the 65 units of Public Housing that the Authority owned and operated for rent to low-income individuals and families. The properties were sold to the Jeffco Housing Corporation. At year-end 2019, the Program has a net position of (\$556,699). By December 31, 2020, JCHA anticipates having spent all remaining disposition proceeds. An extension of time to spend the remaining proceeds will be requested from HUD if not entirely expended by the end of 2020.

The Authority's Program Analysis and Highlights (Continued)

Housing Choice Vouchers Program

Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market and earns an administrative fee to cover the Program's operating costs. In 2019, the Authority received funding for a baseline of 19,040 unit months and administered on average 1,483 rental vouchers per month to low-income clients in Jefferson County including 50 VASH vouchers. In November of 2019, JCHA began receiving additional budget authority to fund 22 new Foster Youth Initiative Vouchers (FUP). The Authority receives administrative fees from HUD as part of this Program and the Program has a net position of \$683,616 (including HCV, Mainstream, and FUP). For calendar year 2019, HUD provided JCHA with an annual adjustment factor of 3.94%, increasing its HCV Housing Assistance Payment budget authority. Additionally, the Authority received \$1,577,764 in set aside funding due to increased leasing and per unit HAP costs.

Housing Rehabilitation Program

The Housing Rehabilitation Program utilizes grants and affordable loans to do necessary repairs and rehabilitation to the homes of eligible households in Jefferson County. The Housing Rehab Program provides financial and technical assistance to low/moderate income homeowner households. The Housing Rehab Program has a net position at fiscal year-end 2019 of \$2,072,005.

Section 8 New Construction Program

The Authority owns and operates two senior apartment buildings located in Evergreen and Golden, Colorado. Both buildings receive project based rental assistance subsidies from HUD under the Section 8 New Construction program. This program enables seniors (age 62 or older) to pay approximately thirty percent of their income towards rent.

Canyon Gate Apartments: Canyon Gate Apartments is a 53-unit complex located in Golden, Colorado. Canyon Gate Apartments had a increase in net position of \$69,680 and a net position at year-end of \$178,377. Increase in position is primarily related to operating income.

Green Ridge Meadow Apartments: Green Ridge Meadow Apartments is a 79-unit complex in Evergreen, Colorado. Green Ridge had a decrease in net position of \$4,786 at year-end and a net position at December 31, 2019, of \$980,525.

Below Market Rental Housing

The Authority owns:

Caesar Square Apartments: a 108-unit apartment building in Wheat Ridge, Colorado. Caesar Square Apartments finished the year with a Net income before transfers of \$1,007 and had a net position of \$2,517,956 at December 31, 2019. The occupancy rate for 2019 was 96.4%. Plans for 2020 included transferring this property into a component unit and making an application to the Colorado Housing and Finance Authority for 4% and State Low Income Housing Tax Credits with Private Activity Bond Debt to facilitate a major property rehab project. This transaction occurred in July of 2020.

The Authority's Program Analysis and Highlights (Continued)

Mountain View Apartments: At December 31, 2019, Mountain View Apartments had a Net loss before transfers of \$1,647,124, and a net position of \$444,344. Hail damage from 2017 remains unrepaired, as the property is deemed obsolete, being taken out of service, and is being held for redevelopment as part of the Flats at Ford Street. An asset impairment on this property was booked in 2019, creating the large Net loss.

Kendall Apartments: a 21-unit apartment building in Wheat Ridge, Colorado finished the year with 96.6% occupancy. Kendall Apartments finished the year with a Net income before transfers of \$2,298 and has a net position of \$1,257,089.

Viking Square Apartments: a 55-unit apartment building in Arvada, Colorado had an occupancy rate of 95.9%. Viking Square ended 2019 with a total net position of \$885,737 after a Net income before transfers of \$114,110 for the year.

Aspen Ridge: a 105-unit apartment building in Arvada, Colorado finished the year with an occupancy rate of 97.2%. Aspen Ridge finished the year with a Net income before transfers of \$268,426 and had a net position of \$2,654,977 at 2019 year-end.

Redwood Village: a 50-unit apartment building in Westminster, Colorado finished the year with 96.8% occupancy. Redwood Village, at December 31, 2019, had a Net Income before transfers of \$55,040, and a net position of \$764,994.

Parkview Village: Is a 96-unit apartment complex in Arvada, Colorado was managed by a third party prior to June of 2019, when the Authority resumed internal management of Parkview Village. At the end of 2019, Parkview Village had a Net Income before transfers of \$205,788 and a net position of \$1,821,554.

Glendale Apartments: a 120-unit apartment building in Westminster, Colorado was occupied at 96.9%. Glendale Apartments finished the year with a Net Income before transfers of \$135,153 and a net position of \$4,007,601 at year-end.

Harlan Street Apartments: a 6-unit apartment building in Lakewood, Colorado was occupied at 100%. Harlan Street Apartments finished the year with a Net income before transfers of \$11,840 and a net position at year-end of \$374,916.

The Authority's total 'Below Market Rental Housing' portfolio is 561 units of affordable housing for Jefferson County residents.

Discretely Presented Component Units

Lewis Court Apartments, LLLP: Lewis Court Apartments, LLLP is a tax credit partnership which owns and operates a 50-unit low-income housing tax credit development in Golden, Colorado. Lewis Court Apartments, LLLP had a net position of \$7,072,670 at fiscal year-end 2019. Separately audited financial statements of Lewis Court Apartments, LLLP are available by contacting the Authority. The Authority controls the General Partner, Lewis Court LLC.

The Authority's Program Analysis and Highlights (Continued)

Hidden Lake Homes LLLP: Hidden Lake Homes LLLP is a tax credit partnership which owns and operates a 72-unit low-income housing tax credit development in Westminster, Colorado. Hidden Lake Homes, LLLP had a net position of \$12,328,315 at fiscal year-end 2019. Maintenance expenses are expected to begin increasing, as the property is not outside of the Builder's Warranty period. Separately audited financial statements of Hidden Lake Homes LLLP are available by contacting the Authority. The authority controls the General Partner, Hidden Lake Homes GP LLC.

El Rancho, LLLP: El Rancho, LLLP is a tax credit partnership established to own and operate a 55-unit low income housing tax credit development in Evergreen, Colorado. The partnership had no operations during the audit period of 2019, as it was still under construction. The authority controls the General Partner, El Rancho GP LLC.

Blended Component Unit

The authority controls, as the single corporate member, the Jeffco Housing Corporation. This entity owns and operates, with authority management, several affordable residential rental properties throughout Jefferson County, Colorado. These properties include two Section 8 New Construction subsidized properties, Arvada Cottages and Allison Village. JCHA has executed "opt outs" of these subsidy contracts and they will terminate in 2020. The assets will be disposed of via sale (Arvada Cottages) or redeveloped (Allison Village). Other properties/programs within the Corporation portfolio include Orchard Valley, New Development, Parkview West, Public Housing, West 46th, Upham, West 40th, Wheat Ridge Park, Hilltop, and Respite (sold during 2019). On a consolidated basis, the Corporation has a net position of \$5,570,187 at 2019 year end.

Joint Venture

The Authority, in partnership with the Housing Authority of the City of Lakewood d/b/a Metro West Housing Solutions owned Cedar Gardens/Cedar Avenue Apartments, a 72-unit complex in Lakewood, Colorado. On December 30, 2019 this Joint Venture was dissolved via a cash buyout to JCHA and assumption of its related Federal Home Loan Bank of Topeka debt by Metro West Housing Solutions.

Requests for Information

The financial report is designed to provide a general overview of the Jefferson County Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

Jefferson County Housing Authority
Statement of Net Position
December 31, 2019

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,462,040	\$ 280,766
Restricted cash and cash equivalents	6,182,436	1,407,661
Investments	121,911	-
Accounts receivable		
Tenants, net	109,388	8,324
Other	400,766	-
Developer fees	391,026	-
Accrued interest receivable - short-term	1,417	-
Prepaid expenses	70,113	-
Notes receivable - current portion	20,254	-
Total Current Assets	<u>13,759,351</u>	<u>1,696,751</u>
Accrued Interest Receivable - Long-Term	<u>880,120</u>	<u>-</u>
Notes Receivable, Net of Current Portion	<u>8,560,683</u>	<u>-</u>
Other Assets, Net of Accumulated Amortization	<u>11,712</u>	<u>123,651</u>
Equity Method Investments	<u>700,100</u>	<u>-</u>
Property Held for Sale	<u>876,246</u>	<u>-</u>
Capital Assets		
Non-depreciable	9,391,030	18,705,980
Depreciable, net	24,294,470	23,008,178
Total Capital Assets	<u>33,685,500</u>	<u>41,714,158</u>
Total Assets	<u>\$ 58,473,712</u>	<u>\$ 43,534,560</u>

Jefferson County Housing Authority
Statement of Net Position
December 31, 2019

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 562,661	\$ 53,566
Accounts payable - construction	-	3,315,757
Construction note payable	-	7,750,905
Developer fees payable	-	391,026
Accrued liabilities	-	83,558
Accrued compensated absences	222,781	-
Accrued interest payable - short-term	1,423	-
Accrued interest payable - JCHA - short-term	-	1,417
Tenant security deposits payable	323,771	28,347
Notes, mortgages and bonds payable - current portion	1,057,203	70,298
Total Current Liabilities	<u>2,167,839</u>	<u>11,694,874</u>
Long-Term Liabilities		
Accrued interest payable - JCHA	-	880,120
Rehab payable	271,779	-
Notes, mortgages and bonds payable - net of current portion and unamortized debt issuance costs	15,997,779	10,003,554
Total Long-Term Liabilities	<u>16,269,558</u>	<u>10,883,674</u>
Total Liabilities	<u>18,437,397</u>	<u>22,578,548</u>
Net Position		
Net investment in capital assets	16,630,518	23,889,401
Restricted	287,806	-
Unrestricted	23,117,991	(2,933,389)
Total Net Position	<u>40,036,315</u>	<u>20,956,012</u>
Total Liabilities and Net Position	<u>\$ 58,473,712</u>	<u>\$ 43,534,560</u>

Jefferson County Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 2,426,111	\$ -
HAP income	16,057,199	-
Other grants	400,392	-
Rental income	8,919,967	1,184,449
Management fees	66,037	-
Other	719,553	6,824
Total operating revenues	<u>28,589,259</u>	<u>1,191,273</u>
Operating Expenses		
Housing assistance payments	16,246,779	-
Administrative salaries and benefits	2,799,984	92,514
Maintenance salaries and benefits	1,235,837	136,014
Regular and extraordinary maintenance	2,288,169	251,108
Other administrative	1,204,364	219,965
Depreciation and amortization	1,391,553	1,064,313
Utilities	889,766	153,789
Insurance	504,349	64,120
Other	164,093	1,464
Total operating expenses	<u>26,724,894</u>	<u>1,983,287</u>
Operating Income (Loss)	<u>1,864,365</u>	<u>(792,014)</u>
Non-Operating Revenues (Expenses)		
Interest income	306,550	5,877
Impairment loss	(1,585,236)	-
Gain on sale of capital assets	292,592	-
Interest expense	(897,192)	(351,532)
Total Non-Operating Expenses	<u>(1,883,286)</u>	<u>(345,655)</u>
Change in Net Position Before Gain on Sale of Equity Method Investment and Equity Contributions	<u>(18,921)</u>	<u>(1,137,669)</u>
Gain on sale of equity method investment	444,158	-
Equity contributions	-	253,339
Total Gain on Sale of Equity Method Investment and Equity Contributions	<u>444,158</u>	<u>253,339</u>
Change in Net Position	<u>425,237</u>	<u>(884,330)</u>
Net Position, Beginning of Year	34,568,862	21,840,342
Change in Reporting Entity	5,042,216	-
Net Position, Beginning of Year, as Restated	<u>39,611,078</u>	<u>-</u>
Net Position, End of Year	<u>\$ 40,036,315</u>	<u>\$ 20,956,012</u>

Jefferson County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2019

	Primary Government
Operating Activities	
HUD PHA grants	\$ 2,426,111
HAP income	16,156,133
Other grants	400,392
Receipts from tenants	8,950,200
Management fee income	66,037
Developer fee income	617,510
Other income	1,084,610
Housing assistance payments	(16,246,779)
Payments to employees	(3,959,911)
Payments to suppliers	(5,065,440)
	4,428,863
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Purchase of investments	(1,815)
Net proceeds from sale of equity method investments	746,869
Proceeds from refinancings	2,814,908
Principal payments on long-term debt	(3,896,601)
Interest paid on long-term debt	(919,356)
Acquisition of capital assets	(2,966,904)
Insurance proceeds received	110,391
Proceeds from sale of capital assets	445,153
	(3,667,355)
Net Cash used for Capital and Related Financing Activities	
Investing Activities	
Issuance of notes receivable	(249,561)
Payments received on notes receivable	218,347
Interest income	160,141
	128,927
Net Cash from Investing Activities	
Net Change in Cash and Cash Equivalents	890,435
Cash and Cash Equivalents, Beginning of Year, as Restated	11,754,041
Cash and Cash Equivalents, End of Year	\$ 12,644,476

Jefferson County Housing Authority
Statement of Cash Flows
Year Ended December 31, 2019

	Primary Government
Reconciliation of Cash and Cash Equivalents	
Cash	\$ 6,462,040
Restricted Cash	6,182,436
Total Cash and Cash Equivalents	\$ 12,644,476
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 1,864,365
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	1,391,553
Changes in assets and liabilities	
(Increase) decrease in receivables	1,120,203
(Increase) decrease in prepaid expenses	(52,493)
Increase (decrease) in accounts payable	37,794
Increase (decrease) in accrued expenses	75,910
Increase (decrease) in advanced revenues	(2,368)
Increase (decrease) in security deposits payable	(6,101)
Net Cash from Operating Activities	\$ 4,428,863
Supplemental Schedule of Noncash Capital and Related Financing Activities	
Noncash transfer of Cedars mortgage note payable in connection with sale of equity method investment	\$ 280,000

Jefferson County Housing Authority
Combining Statement of Net Position – Component Units
December 31, 2019

	Lewis Court Apartments, LLLP	Hidden Lake Homes, LLLP	El Rancho, LLLP	Total
Assets				
Current Assets				
Cash	\$ 176,346	\$ 80,274	\$ 24,146	\$ 280,766
Restricted cash	797,090	610,571	-	1,407,661
Accounts receivable - tenants	-	8,324	-	8,324
Total Current Assets	973,436	699,169	24,146	1,696,751
Other Assets, Net of Accumulated Amortization	26,660	96,991	-	123,651
Capital Assets				
Non-depreciable	1,105,405	2,239,457	15,361,118	18,705,980
Depreciable, net	8,206,702	14,801,476	-	23,008,178
Total Capital Assets	9,312,107	17,040,933	15,361,118	41,714,158
Total Assets	\$ 10,312,203	\$ 17,837,093	\$ 15,385,264	\$ 43,534,560

Jefferson County Housing Authority
Combining Statement of Net Position – Component Units
December 31, 2019

	Lewis Court Apartments, LLLP	Hidden Lake Homes, LLLP	El Rancho, LLLP	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 6,131	\$ 47,435	\$ -	\$ 53,566
Accounts payable - construction	-	-	3,315,757	3,315,757
Construction note payable	-	-	7,750,905	7,750,905
Developer fees payable	-	391,026	-	391,026
Accrued liabilities	64,383	19,175	-	83,558
Accrued interest payable - JCHA - short-term	1,417	-	-	1,417
Tenant security deposits payable	15,610	12,737	-	28,347
Notes, mortgages and bonds payable - current portion	13,427	56,871	-	70,298
Total Current Liabilities	100,968	527,244	11,066,662	11,694,874
Long-Term Liabilities				
Accrued interest payable - JCHA	643,567	158,748	77,805	880,120
Notes, mortgages and bonds payable - net of current portion and unamortized debt issuance costs	2,494,998	4,822,786	2,685,770	10,003,554
Total Long-Term Liabilities	3,138,565	4,981,534	2,763,575	10,883,674
Total Liabilities	3,239,533	5,508,778	13,830,237	22,578,548
Net Position				
Net investment in capital assets	6,803,682	12,161,276	4,924,443	23,889,401
Unrestricted	268,988	167,039	(3,369,416)	(2,933,389)
Total Net Position	7,072,670	12,328,315	1,555,027	20,956,012
Total Liabilities and Net Position	\$ 10,312,203	\$ 17,837,093	\$ 15,385,264	\$ 43,534,560

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units
Year Ended December 31, 2019

	Lewis Court Apartments, LLLP	Hidden Lake Homes, LLLP	El Rancho, LLLP	Total
Operating Revenues				
Rental income	\$ 445,717	\$ 738,732	\$ -	\$ 1,184,449
Other	266	6,558	-	6,824
Total operating revenues	445,983	745,290	-	1,191,273
Operating Expenses				
Administrative salaries and benefits	27,494	65,020	-	92,514
Maintenance salaries and benefits	48,772	87,242	-	136,014
Regular and extraordinary maintenance	141,233	109,875	-	251,108
Other administrative	102,500	117,465	-	219,965
Depreciation and amortization	282,935	781,378	-	1,064,313
Utilities	50,845	102,944	-	153,789
Insurance	22,784	41,336	-	64,120
Other expenses	628	836	-	1,464
Total operating expenses	677,191	1,306,096	-	1,983,287
Operating Loss	(231,208)	(560,806)	-	(792,014)
Non-Operating Revenues (Expenses)				
Interest income	245	5,632	-	5,877
Interest expense	(112,064)	(239,468)	-	(351,532)
Total Non-Operating Revenues (Expenses)	(111,819)	(233,836)	-	(345,655)
Change in Net Position				
Before Equity Contributions	(343,027)	(794,642)	-	(1,137,669)
Equity contributions	-	253,339	-	253,339
Change in Net Position	(343,027)	(541,303)	-	(884,330)
Net Position, Beginning of Year	7,415,697	12,869,618	1,555,027	21,840,342
Net Position, End of Year	\$ 7,072,670	\$ 12,328,315	\$ 1,555,027	\$ 20,956,012

Note 1 - Nature of Operations and Significant Accounting Policies

General

The Jefferson County Housing Authority (the Authority) is a corporate body politic created in 1975 and uses available federal, state and local resources to serve the residents of Jefferson County, Colorado, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 915 units of affordable housing in Jefferson County and administers an average of 1,510 housing choice vouchers per month including 50 VASH vouchers, and 40 Mainstream Non-Elderly (NED).

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

Reporting Entity

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

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

Blended Component Units

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

Jeffco Housing Corporation (Jeffco) is a non-profit corporation formed in 1988 to obtain certain federal funds set aside for community housing development organizations. The proceeds were used to provide safe, decent, and sanitary affordable housing for low-income families and individuals in Jefferson County. Jeffco owns various housing projects which are managed by the Authority.

During 2019, the Board of Directors of Jeffco passed a resolution, which made the Authority the sole member of Jeffco since it was determined that Jeffco no longer desired to maintain the requirements to be a community housing development organization. As the sole member of Jeffco, the Authority is able to impose its will on the corporation. Accordingly, Jeffco is included in the financial reporting entity of the Authority as a blended component unit beginning January 1, 2019.

Discretely Presented Component Units

The component unit column of the financial statements includes the financial data of the Authority's discretely presented component units as of December 31, 2019. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

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

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

El Rancho LLLP (El Rancho) was formed for the purpose of owning and operating a 55-unit affordable housing project in Evergreen, Colorado. El Rancho is a tax credit partnership which borrowed proceeds of the Authority's HOME and CDBG grants. The general partner of El Rancho, El Rancho GP LLC, is wholly owned by the Authority. El Rancho GP LLC has an ownership percentage of .01%.

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

Basis of Accounting and Measurement Focus

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

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

Cash and Cash Equivalents

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

Investments

Federal statutes authorize investment of excess federal funds in instruments issued by, or guaranteed by, the Federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. Investments are carried at amortized cost plus accrued interest.

Accounts Receivable

Revenues are recorded when earned and are reported as accounts receivable until collected. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future. Receivables are reported net of the related allowance of \$81,848 at December 31, 2019.

Notes and Interest Receivable

Notes and interest receivable are carried at amounts advanced, net of reserve for uncollectable accounts, if any. As of December 31, 2019, the Authority considered all notes and interest receivables to be fully collectable.

Developer Fees Receivable

Developer fees receivable and related interest receivable are carried at the amounts earned but unpaid in accordance with the development agreements with the various entities. As of December 31, 2019, the Authority considered all developer fees and interest receivable to be fully collectable.

Equity Method Investments

Investments in partnerships are accounted for under the equity method. Investments are stated at cost less any distributions.

Capital Assets and Property Held for Sale

Land, buildings and improvements, and equipment are recorded at cost, including indirect development costs. The Authority uses a capitalization threshold of \$1,500. Donated fixed assets are valued at their estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

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

Capital assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. During the year ended December 31, 2019, the Authority determined the magnitude of the decline in service utility of one of its projects was significant and unexpected. The Authority decided to discontinue use of the capital asset and determined the housing units were no longer habitable in their current condition and plans to have them demolished in 2020. During the year ended December 31, 2019, the Authority recognized an impairment loss of \$1,585,236 and is reporting the remaining land at the lower of carrying value or fair value. This land is scheduled for sale to a discretely presented component unit for future development of affordable housing. Therefore, this land cost of \$876,246 was reclassified to Property Held for Sale on the Statement of Net Position.

Fraud Recovery

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

Operating Revenues and Expenses

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

Restricted and Unrestricted Resources

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

Compensated Absences

The Authority provides paid leave for its regular full-time employees for vacations, holidays, illness and certain other qualifying absences. Employees are limited to a maximum of one calendar year's accrual. Personal leave may be accrued up to a maximum of 960 hours for employees hired before May 8, 2018. Employees hired after May 8, 2018 may accrue up to a maximum of 150 hours of vacation leave and 150 hours of sick leave. These compensated absences are recognized as salary costs in the financial statements when earned. Compensated absences which have been earned but not paid as of year-end have been accrued in the accompanying financial statements. Any accrued compensated absence amounts are paid out to employees upon termination of employment to the extent required by law.

The amount of accrued compensated absences at December 31, 2019, was \$222,781 for the Authority.

Components of Net Position

Components of net position include the following:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

- Restricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the statement of net position that are subject to restraints on their use by HUD.
- Unrestricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the statement of net position that are not subject to restraints on their use.

Business and Credit Risk

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

Budgetary

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

Accounting Estimates

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

Note 2 - Deposits and Investments

Primary Government

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The general depository agreement required by the annual contract with HUD has additional requirements, which the Authority met in 2019.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2019, the Authority's carrying amount of deposits was \$12,644,476 and bank balances totaled \$12,643,736. Of the bank balances, \$577,021 was covered by Federal Depository Insurance and the remaining balance of \$12,066,715 was covered under the Public Deposit Protection Act and was not exposed to custodial credit risk.

Investments

Authorized Investments

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

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2019, investments held by the Authority are held in a certificate of deposit totaling \$121,911 with a maturity date of less than one year. This certificate of deposit is classified as an investment on the statement of net position and is valued at amortized cost plus accrued interest.

Note 3 - Restricted Cash

Primary Government

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

Note 4 - Notes Receivable

In certain instances, the Authority has entered into loan agreements to assist affiliated organizations in financing housing projects. The loans are secured by the property and/or rents of the projects. Terms of the agreements for the receivables and related liabilities were designed to have no net effect on the finances of the Authority.

Primary Government

	Principal	Accrued Interest	Total
<u>Notes Receivable - Lewis Court Apartments LLLP:</u>			
8.00% note receivable, due in monthly installments of \$2,201, including interest, with a maturity date of August 2043, secured by a deed of trust on the Lewis Court property	\$ 168,425	\$ 1,417	\$ 169,842
4.19% note receivable, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust on the Lewis Court property	1,240,000	437,284	1,677,284
4.19% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2042, secured by a deed of trust on the Lewis Court property	1,100,000	206,283	1,306,283
	2,508,425	644,984	3,153,409
<u>Notes Receivable - Hidden Lake Homes LLLP:</u>			
3.00% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2046, secured by a deed of trust on the Hidden Lake property	600,000	59,902	659,902
3.00% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2046, secured by a deed of trust on the Hidden Lake property	900,000	97,165	997,165
0.00% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2048, secured by a deed of trust on the Hidden Lake property	216,821	-	216,821
	1,716,821	157,067	1,873,888

	Principal	Accrued Interest	Total
<u>Notes Receivable - El Rancho LLLP:</u>			
2.95% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2048, secured by a deed of trust on the El Rancho property	\$ 1,557,770	\$ 61,725	\$ 1,619,495
2.00% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2048, secured by a deed of trust on the El Rancho property	600,000	16,080	616,080
	2,157,770	77,805	2,235,575
Total notes receivable from discretely presented component units	6,383,016	879,856	7,262,872
<u>Notes Receivable - Other</u>			
Rehab Program notes receivable - see (A) and (B) below	2,218,992	-	2,218,992
Less allowance for uncollectible notes receivable	(21,071)	-	(21,071)
	2,197,921	-	2,197,921
Total notes receivable, net of allowance for uncollectible notes receivable	8,580,937	879,856	9,460,793
Less current portion of notes receivable	(20,254)	(1,417)	(21,671)
Total notes receivable, net of current portion	\$ 8,560,683	\$ 878,439	\$ 9,439,122

(A) – The Authority has made loans with CDBG and HOME funds to homeowners through its Rehab Program. At December 31, 2019, the balance of notes receivable with deferred payments totaled \$2,068,754, and the balance of notes receivable with payments currently due bearing interest at rates ranging from 0% to 5%, totaled \$150,238. Due to the nature of the loans and because the Authority’s security interest is considered low priority, management has established an allowance for doubtful accounts of \$21,071 at December 31, 2019. This allowance is re-evaluated and adjusted on an annual basis.

(B) – The Authority is required to return funds previously advanced by Jefferson County for use in the Rehab Program, therefore, a related payable in the amount of \$271,779 is included as a long-term liability at December 31, 2019. This balance will be repaid as the underlying notes receivable are paid in full either through pay down of the notes by the note holders or sale of the underlying properties.

In addition to interest on notes receivable, the Authority charges interest on developer fees from Hidden Lakes Homes, LLLP. At December 31, 2019, the balance of accrued long-term interest receivable consisted of the following:

Accrued long-term interest receivable on notes receivable	\$ 878,439
Accrued long-term interest receivable on Hidden Lakes Homes, LLLP developer fees - Notes 13 and 18	1,681
	<u>\$ 880,120</u>

Note 5 - Equity Method Investments

At December 31, 2019, the Authority's equity method investments consisted of the following:

<u>Discretely Presented Component Units:</u>	
Hidden Lake Homes, LLLP	\$ 700,000
El Rancho, LLLP	100
	<u>\$ 700,100</u>

Note 6 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2019:

Primary Government

	Balance January 1, as Restated	Additions	Disposals	Reclassification to Property Held for Sale	Balance December 31
Nondepreciable assets					
Land	\$ 8,103,966	\$ 1,348,166	\$ (13,925)	\$ (876,246)	\$ 8,561,961
Construction in progress	223,758	682,524	(77,213)	-	829,069
Total capital assets not being depreciated	8,327,724	2,030,690	(91,138)	(876,246)	9,391,030
Depreciable assets					
Buildings and improvements	44,545,144	684,570	(2,169,434)	-	43,060,280
Equipment and furniture	3,673,715	251,686	(227,494)	-	3,697,907
Total buildings and improvements	48,218,859	936,256	(2,396,928)	-	46,758,187
Accumulated depreciation	(21,807,845)	(1,391,553)	735,681	-	(22,463,717)
Total capital assets being depreciated	26,411,014	(455,297)	(1,661,247)	-	24,294,470
Total capital assets, net	\$ 34,738,738	\$ 1,575,393	\$ (1,752,385)	\$ (876,246)	\$ 33,685,500

Note 7 - Letters of Credit

The Authority had secured two irrevocable letters of credit with FirstBank totaling \$882,737 to guarantee certain construction items for the El Rancho project. No funds had been drawn on the letters of credit as of December 31, 2019. The letters of credit were subsequently terminated by the holder (Jefferson County) and released in July 2020.

Note 8 - Long-Term Debt

During the year ended December 31, 2019, the following changes occurred in long-term debt:

Primary Government

	Balance January 1, as Restated	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$ 18,416,675	\$ 2,814,908	\$ (4,176,601)	\$ 17,054,982	\$ 1,057,203

Long-term debt as of December 31, 2019, consists of the following:

Primary Government

Notes and Mortgages Payable

5.00% note payable, due in monthly installments of \$10,314, including interest, with a maturity date of October 2031, secured by a deed of trust on the Allison Village property	\$ 1,095,243
4.60% note payable, due in monthly installments of \$11,873, including interest, with a maturity date of November 2023, secured by a deed of trust on the Arvada Cottages property	508,771
5.25% note payable, due in monthly installments of \$9,766, including interest, with a maturity date of August 2029, secured by a deed of trust on the Parkview West property	896,149
Non-interest bearing note payable, principal due concurrently with the primary Parkview West note payable in August 2029, secured by a deed of trust on the Parkview West property	86,141
4.75% note payable, due in monthly installments of \$20,117, including interest, with a maturity date of October 2027, secured by a deed of trust on the Aspen Ridge property	2,882,171

4.75% note payable, due in monthly installments of \$7,373, including interest, with a maturity date of October 2027, secured by a deed of trust on the Redwood Village property	\$ 1,056,296
3.65% note payable, due in monthly interest-only installments of \$8,517, with a maturity date of November 2021, secured by a deed of trust on the Viking Square property	2,800,000
5.50% note payable, due in monthly installments of \$11,958, including interest, with a maturity date of April 2021, secured by a first deed of trust on the Caesar's Square property	2,101,379
1.00% note payable, no principal or interest payments due until October 2030, thereafter principal and interest payments due monthly based on a 30-year amortization, remaining principal and accrued interest balance due April 2038, secured by a second deed of trust on the Caesar's Square property	702,000
4.50% mortgage note payable, due in monthly installments of \$20,518, including interest, with a maturity date of February 2032, secured by a deed of trust on the Glendale property and a security interest in all deposit accounts at the financing bank and its subsidiaries	2,293,733
5.25% note payable, due in monthly installments of \$20,346, including interest, with a maturity date of October 2029, secured by a deed of trust on the Parkview Village property	1,867,061
Non-interest bearing note payable, principal due concurrently with the primary Parkview Village note payable in October 2029, secured by a deed of trust on the Parkview Village property	160,618
4.89% note payable, due in monthly installments of \$14,149, including interest, with a maturity date of August 2022, secured by a deed of trust on the Canyon Gate property	420,639
5.38% note payable, due in monthly installments of \$15,775, including interest, with a maturity date of December 2020, secured by a deed of trust on the Green Ridge Meadows property	<u>184,781</u>
Total Notes and Mortgages Payable	<u><u>\$ 17,054,982</u></u>

The estimated debt requirements to maturity are as follows:

Primary Government

	Principal	Interest	Total
2020	\$ 1,057,203	\$ 747,161	\$ 1,804,364
2021	5,765,508	686,037	6,451,545
2022	880,425	442,833	1,323,258
2023	797,529	395,168	1,192,697
2024	702,946	365,604	1,068,550
2025-2029	6,184,736	998,548	7,183,284
2030-2034	1,060,575	73,133	1,133,708
2035-2038	606,060	20,281	626,341
	<u>\$ 17,054,982</u>	<u>\$ 3,728,765</u>	<u>\$ 20,783,747</u>
Total	<u>\$ 17,054,982</u>	<u>\$ 3,728,765</u>	<u>\$ 20,783,747</u>

Note 9 - Restricted Net Position

As of December 31, 2019, restricted net position of \$287,806 consisted of \$177,156 in housing choice vouchers, \$74,827 in mainstream vouchers, and \$35,823 in Family Unification Vouchers received but not yet paid to eligible individuals.

Note 10 - Annual Contributions Contract

The Authority has an annual contributions contract for housing choice vouchers and adjustments vary based on requirements. The maximum contract was \$15,010,060 for the year ended December 31, 2019.

Note 11 - Employee Retirement Plan

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

In 2019, the Authority paid \$220,685 as a matching contribution.

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

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

Note 12 - Deferred Compensation Plan

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

Note 13 - Related Party Transactions

Management Fees

The Authority has entered into a management agreement with Lewis Court to provide management services for the Lewis Court project. Under the agreement, the Authority is to be paid management fees totaling 5.75% of gross monthly collections. During 2019, Lewis Court incurred management fees of \$25,295 to the Authority. At December 31, 2019, Lewis Court owed \$2,313 to the Authority for accrued management fees.

In addition, the Authority is to receive a bookkeeping fee equal to \$4 per unit, per month. During 2019, Lewis Court incurred bookkeeping fees of \$2,400, to the Authority. At December 31, 2019, Lewis Court owed the Authority \$2,400, for these fees.

The Authority has entered into a management agreement with Hidden Lake to provide management services for the Hidden Lake project. Under the agreement, the Authority is to be paid management fees totaling 5.50% of gross monthly collections. During 2019, Hidden Lake incurred management fees of \$40,741 to the Authority. At December 31, 2019, Hidden Lake owed \$3,725 to the Authority for accrued management fees. Up to 50% of the management fee shall be deferred to the extent necessary to reduce the amount, or avoid the occurrence of, an operating deficit. The deferred management fees shall be deferred without interest and payable from available cash flow. There were no deferred management fees during 2019.

In addition, the Authority is to receive a bookkeeping fee equal to \$4 per unit, per month. During 2019, Hidden Lake incurred bookkeeping fees of \$3,456, to the Authority. At December 31, 2019, Hidden Lake owed the Authority \$3,456, for these fees.

Reimbursement of Expenses

The Authority is periodically reimbursed for payroll and other related expenses of the Lewis Court project. During 2019, the Authority was reimbursed approximately \$38,300 from Lewis Court for these expenses. At December 31, 2019, Lewis Court owed the Authority \$16,625 for costs paid on behalf of Lewis Court.

The Authority is periodically reimbursed for payroll and other related expenses of the Hidden Lake project. During 2019, the Authority was reimbursed approximately \$123,500 from Hidden Lake for these expenses. At December 31, 2019, Hidden Lake owed the Authority \$30,485 for costs paid on behalf of Hidden Lake.

Partnership and Developer Fees

Pursuant to the partnership agreement, Lewis Court, LLC is to receive an annual cumulative fee from Lewis Court equal to \$30,000, increasing by 3% each year, beginning in 2012. The fee is to be paid from available cash flow. Accrued fees are not to exceed 12% of the effective gross income. During 2019, Lewis Court, LLC earned fees totaling \$36,896 from Lewis Court. At December 31, 2019, Lewis Court owed Lewis Court, LLC \$36,896 for these fees.

Pursuant to the partnership agreement, Hidden Lake Homes GP LLC is to receive an annual cumulative fee from Hidden Lake equal to \$10,000, increasing by 3% each year, for supervising the management agent and in administration and compliance of the project. The fee is to be paid from available cash flow. In no event shall the combined fees paid to the management agent, including deferred management fees, in any year exceed 12% of such year's effective gross income. During 2019, Hidden Lake Homes GP LLC earned fees of \$10,300 in partnership management fees from Hidden Lake. As of December 31, 2019, Hidden Lake owed Hidden Lake Homes GP LLC \$10,300 for accrued partnership management fees.

Hidden Lake had entered into a development agreement with the Authority. A developer fee of \$1,400,000 was capitalized to the Hidden Lake building. At December 31, 2019, Hidden Lake owed developer fees of \$391,026 to the Authority. The remaining developer fees are expected to be paid from available cash flow as defined in the partnership agreement. If there remains an unpaid balance by the 15th anniversary of the construction completion, the general partner shall make a capital contribution to repay the remaining balance. Any amount of the developer fee that remains unpaid after the construction completion of the project shall constitute a loan bearing interest equal to the long-term Applicable Federal Rate for the month in which the project achieves construction completion as defined by the partnership agreement which management has determined to be 2.58%. During 2019, Hidden Lake incurred interest of \$16,635 on developer fees. As of December 31, 2019, Hidden Lake owed the Authority \$1,681 for accrued interest on developer fees.

El Rancho has entered into a development agreement with the Authority for a total developer fee of \$1,835,461. As of December 31, 2019, developer fees of \$348,492 have been paid to the Authority and capitalized to the El Rancho building. The remaining developer fees of \$1,486,969 are expected to be earned and paid in accordance with the developer agreement.

Notes Receivable

Lewis Court has entered into three note agreements with the Authority (Notes 4 and 18). During 2019, Lewis Court incurred interest of \$112,064 on these notes to the Authority. At December 31, 2019, Lewis Court owed the Authority principal of \$2,508,425 and accrued interest of \$644,984 on these notes.

Hidden Lake has entered into three note agreements with the Authority (Notes 4 and 18). At December 31, 2019, Hidden Lake owed the Authority principal of \$1,716,821 on these notes. During 2019, Hidden Lake incurred interest of \$49,173 on these notes payable. As of December 31, 2019, Hidden Lake owed the Authority \$157,067 for accrued interest.

El Rancho has entered into two note agreements with the Authority (Notes 4 and 18). At December 31, 2019, El Rancho owed the Authority principal of \$2,157,770 on these notes. During 2019, El Rancho incurred interest of \$58,487 on these notes payable. As of December 31, 2019, El Rancho owed the Authority \$77,805 for accrued interest.

Predevelopment Costs

At December 31, 2019, El Rancho owed the Authority \$190,513 for costs paid on behalf of El Rancho.

Note 14 - Commitments and Contingencies

In connection with the development of the El Rancho project, the Authority has contracted with Medici Consulting Group (Medici), an unrelated company, to assist with various aspects of development. Under the agreement, Medici is to be paid an estimated total of \$734,184. As of December 31, 2019, the Authority had paid Medici a total of \$407,092 under this agreement.

In addition to the commitment disclosed above, the Authority regularly enters into contracts for design and construction of both current and new projects. The Authority also periodically provides guarantees related to construction completion, operating deficits, and delivery of Low Income Housing Tax Credits for the related entities.

During 2016, the Authority received funding in the amount of \$900,000 from Jefferson County, Colorado (the County), the proceeds of which were loaned to Hidden Lake Homes LLLP. If the Authority or Hidden Lake should fail to meet certain requirements of providing affordable housing below market rates to low-income persons as provided by the funding agreement through March 30, 2033, it is possible the Authority would have to return the funds, or some portion of them, to the County.

During 2016, the Authority received funding in the amount of \$600,000 from the State of Colorado Colorado-Department of Local Affairs (the State), the proceeds of which were loaned to Hidden Lake Homes LLLP. If the Authority or Hidden Lake should fail to meet certain requirements of providing affordable housing below market rates to low-income persons as provided by the funding agreement through the year 2047, it is possible the Authority would have to return the funds, or some portion of them, to the State.

During 2018, the Authority received funding in the amount of \$600,000 from Jefferson County, Colorado (the County), the proceeds of which were loaned to El Rancho LLLP. If the Authority or El Rancho should fail to meet certain requirements of providing affordable housing below market rates to low-income persons as provided by the funding agreement through the year 2036 it is possible the Authority would have to return the funds, or some portion of them, to the County.

Note 15 - Condensed Component Unit Information

Condensed component unit information for Jeffco Housing Corporation, one of the Authority's blended component units, is presented in the following tables for the year ended December 31, 2019. There was no significant activity for the Authority's other blended component units in 2019.

Condensed Statement of Net Position

ASSETS	
Current Assets	\$ 1,362,773
Noncurrent Assets	1,677,284
Capital Assets	<u>7,861,395</u>
Total Assets	<u><u>\$ 10,901,452</u></u>
LIABILITIES	
Current Liabilities	\$ 1,950,434
Noncurrent Liabilities	<u>3,380,831</u>
Total Liabilities	5,331,265
NET POSITION	<u>5,570,187</u>
Total Liabilities and Net Position	<u><u>\$ 10,901,452</u></u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

OPERATING REVENUES	
HAP income	\$ 315,476
Rental income	2,004,831
Other	<u>102,039</u>
Total Operating Revenues	<u>2,422,346</u>
OPERATING EXPENSES	
Administrative	659,628
Maintenance	741,128
Depreciation	323,859
Utilities	227,054
Insurance	137,400
Other	<u>14,171</u>
Total Operating Expenses	<u>2,103,240</u>
OPERATING INCOME	<u>319,106</u>
NONOPERATING INCOME (EXPENSES)	
Interest income	52,947
Gain on sale of capital assets	291,069
Interest expense	<u>(135,151)</u>
Total Nonperating Income (Expenses)	<u>208,865</u>
CHANGE IN NET POSITION	527,971
NET POSITION, Beginning of year	<u>5,042,216</u>
NET POSITION, End of year	<u><u>\$ 5,570,187</u></u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

NET CASH FROM (USED FOR):	
Operating activities	\$ 491,497
Capital and related financing activities	(669,546)
Investing activities	<u>991</u>
Net decrease in cash and cash equivalents	(177,058)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,407,530</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 1,230,472</u></u>

Note 16 - Restatement of Net Position

During 2019, the Board of Directors of Jeffco passed a resolution which made the Authority the sole member of Jeffco since it was determined that Jeffco no longer desired to maintain the requirements to be a community housing development organization. See Note 1. Prior to the assumption of governance and operational control of Jeffco, one of Jeffco's forgivable notes payable totaling \$294,138 was forgiven by the lender, but the loan forgiveness had not been recognized in the prior year financial statements. Jeffco's prior net position was increased by \$294,138 prior to its assumption by the Authority.

Beginning net position of the Authority was restated as follows for this change in reporting entity:

Beginning net position, as previously reported	\$ 34,568,862
Change in reporting entity - assumption of governance and operational control of Jeffco Housing Corporation	<u>5,042,216</u>
Beginning net position, as restated	<u><u>\$ 39,611,078</u></u>

Note 17 - Gain on Sale of Equity Method Investment

The Authority had previously entered into a joint venture with the Housing Authority of the City of Lakewood dba Metro West Housing Solutions (MWHS) to purchase and rehabilitate two multifamily housing projects, Cedar Gardens Apartments and Cedar Avenue Apartments. Each partner's investment share was an equal 50/50 split. Under a sales/purchase agreement between MWHS and the Authority, MWHS agreed to purchase the Authority's share of the joint venture ownership of Cedar Ave/Garden Apartments. On December 30, 2019, the Joint Venture transferred the assets and liabilities comprising its tenant operations to MWHS. As a result of the transfer, the Authority recognized a gain on sale of its equity method investment of \$444,158.

Note 18 - Discretely Presented Component Units

Restricted Cash

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

Capital Assets

The following is a summary of property, structures and equipment as of December 31, 2019:

	Lewis Court	Hidden Lake	El Rancho	Total
Land and improvements	\$ 1,105,405	\$ 2,239,457	\$ -	\$ 3,344,862
Buildings and improvements	9,989,593	16,300,165	-	26,289,758
Furniture and equipment	276,908	370,695	-	647,603
Construction in progress	-	-	15,361,118	15,361,118
	11,371,906	18,910,317	15,361,118	45,643,341
Accumulated depreciation	(2,059,799)	(1,869,384)	-	(3,929,183)
	\$ 9,312,107	\$ 17,040,933	\$ 15,361,118	\$ 41,714,158

Construction Notes Payable

El Rancho

El Rancho is financing the construction of the project in part with a 4.14% construction note payable and a 5.50% construction note payable with ANB Bank. Interest-only payments are due monthly through the construction period. The notes may be drawn to a maximum of \$12,880,135 and are secured by a deed of trust on the El Rancho property. The notes are expected to be converted to permanent financing at the end of the construction period with a maturity date of August 2036. The balance of the construction note payables was \$7,750,905 at December 31, 2019.

Long-Term Debt

Long-term debt as of December 31, 2019, consists of the following:

	Principal	Accrued Interest	Total
Notes Payable to Primary Government			
8.00% note payable to the Authority, due in monthly installments of \$2,201, including interest, matures August 2043, secured by a deed of trust on the Lewis Court property	\$ 168,425	\$ 1,417	\$ 169,842
4.19% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust on the Lewis Court property	1,240,000	437,284	1,677,284

Jefferson County Housing Authority
Notes to Financial Statements
December 31, 2019

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
4.19% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust on the Lewis Court property	\$ 1,100,000	\$ 206,283	\$ 1,306,283
3.00% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2046, secured by a deed of trust on the Hidden Lake property	600,000	59,902	659,902
3.00% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2046, secured by a deed of trust on the Hidden Lake property	900,000	97,165	997,165
0.00% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2048, secured by a deed of trust on the Hidden Lake property	216,821	-	216,821
2.95% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2048, secured by a deed of trust on the El Rancho property	1,557,770	61,725	1,619,495
2.00% note payable to the Authority, due in annual installments to the extent of available cash flow, matures December 2048, secured by a deed of trust on the El Rancho property	<u>600,000</u>	<u>16,080</u>	<u>616,080</u>
Total notes payable to the Authority	<u>6,383,016</u>	<u>879,856</u>	<u>7,262,872</u>

Notes Payable - Other

4.90% note payable to FirstBank, due in monthly installments of principal and interest of \$18,207, until July 2034, secured by a deed of trust on the Hidden Lake property, net of unamortized debt issuance costs of \$156,504, based on an effective interest rate of 5.5%	3,162,836	-	3,162,836
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Jefferson County Housing Authority
Notes to Financial Statements
December 31, 2019

	Principal	Accrued Interest	Total
0.00% note payable to the State of Colorado, due in annual installments to the extent of available cash flow, matures April 2059, secured by a deed of trust on the El Rancho property	\$ 528,000	\$ -	\$ 528,000
Total notes payable - other	3,690,836	-	3,690,836
Total notes payable	10,073,852	879,856	10,953,708
Less current portion of notes payable	(70,298)	(1,417)	(71,715)
Total notes payable, net of current portion	\$ 10,003,554	\$ 878,439	\$ 10,881,993

At December 31, 2019, the balance of accrued interest payable for the discretely presented component units consisted of the following:

Accrued long-term interest on notes payable	\$ 878,439
Accrued long-term interest on Hidden Lakes Homes, LLLP developer fees - Notes 4 and 13	1,681
	\$ 880,120

The estimated debt requirements to maturity as of December 31, 2019, are as follows:

	Lewis Court	Hidden Lake	El Rancho	Total
2020	\$ 13,427	\$ 56,871	\$ -	\$ 70,298
2021	14,541	59,721	-	74,262
2022	15,748	62,714	-	78,462
2023	17,055	65,857	-	82,912
2024	18,471	69,158	-	87,629
Thereafter	2,429,183	4,721,840	2,685,770	9,836,793
Unamortized debt issuance costs	-	(156,504)	-	(156,504)
Total	\$ 2,508,425	\$ 4,879,657	\$ 2,685,770	\$ 10,073,852

Note 19 - Subsequent Events

Subsequent to year-end, the Authority has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Authority is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of the financial statements, the full impact to the Authority's financial position is not known. To date, impacted revenues and expenses have been adequately offset via the receipt, either direct or indirect, of funds authorized by the federal CARES Act of 2020.

On January 28th, 2020, the Authority's Board of Commissioners authorized the registration of, and future Authority operations under, the trade name "Foothills Regional Housing". This trade name was registered with the State of Colorado Secretary of State, and the Authority is now doing business as Foothills Regional Housing.



Supplementary Information
December 31, 2019

Jefferson County Housing Authority

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	Public and Indian Housing 14.850	Green Ridge Meadows 14.182	Canyon Gate Apartments 14.182	Blended Component Units 14.182	Community Development Block Grants 14.218
Assets					
Current Assets					
Cash and cash equivalents	\$ -	\$ 186,344	\$ 160,554	\$ 607,198	\$ -
Restricted cash and cash equivalents	2,884,635	122,387	36,554	623,274	-
Investments	-	121,911	-	-	-
Accounts receivable					
Tenants, net	-	-	677	7,762	-
Other	-	-	-	3,317	-
Developer fees	-	-	-	-	-
Accrued interest receivable - short-term	-	-	-	-	-
Interprogram receivable	-	377,755	192,005	121,222	-
Prepaid expenses	-	3,331	-	-	-
Notes receivable - current portion	-	-	-	-	-
Total current assets	<u>2,884,635</u>	<u>811,728</u>	<u>389,790</u>	<u>1,362,773</u>	<u>-</u>
Accrued interest receivable - long-term	-	-	-	437,284	-
Notes receivable, net of current portion	-	-	-	1,240,000	-
Other assets, net of accumulated amortization	-	-	-	-	-
Equity method investments	-	-	-	-	-
Property held for sale	-	-	-	-	-
Non-depreciable capital assets	-	186,047	148,087	2,034,999	-
Depreciable capital assets, net	-	214,090	90,068	5,826,396	-
Total assets	<u>\$ 2,884,635</u>	<u>\$ 1,211,865</u>	<u>\$ 627,945</u>	<u>\$ 10,901,452</u>	<u>\$ -</u>
Liabilities and Net Position					
Current Liabilities					
Accounts payable	\$ -	\$ 3,235	\$ 3,177	\$ 50,467	\$ -
Interprogram payable	-	13,712	9,635	1,574,022	-
Accrued compensated absences	-	-	-	-	-
Accrued interest	-	-	-	-	-
Tenant security deposits payable	-	29,612	16,117	65,581	-
Notes and mortgages payable - current portion	-	184,781	151,477	260,364	-
Total current liabilities	<u>-</u>	<u>231,340</u>	<u>180,406</u>	<u>1,950,434</u>	<u>-</u>
Long-Term Liabilities					
Rehab payable	-	-	-	-	-
Notes and mortgages payable - net of current portion	-	-	269,162	3,380,831	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>269,162</u>	<u>3,380,831</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>231,340</u>	<u>449,568</u>	<u>5,331,265</u>	<u>-</u>
Net Position					
Net investment in capital assets	-	215,356	(182,484)	5,275,091	-
Restricted	-	-	-	-	-
Unrestricted	2,884,635	765,169	360,861	295,096	-
Total net position	<u>2,884,635</u>	<u>980,525</u>	<u>178,377</u>	<u>5,570,187</u>	<u>-</u>
Total liabilities and net position	<u>\$ 2,884,635</u>	<u>\$ 1,211,865</u>	<u>\$ 627,945</u>	<u>\$ 10,901,452</u>	<u>\$ -</u>

Jefferson County Housing Authority
Combining Statement of Net Position
December 31, 2019

Housing Choice Vouchers 14.871	Business Activities	Mainstream Vouchers 14.879	Family Unification Program (FUP) 14.880	Total	Elimination of Intercompany Activity	Total
\$ 399,893	\$ 5,082,597	\$ 25,454	\$ -	\$ 6,462,040	\$ -	\$ 6,462,040
177,156	2,227,780	74,827	35,823	6,182,436	-	6,182,436
-	-	-	-	121,911	-	121,911
54,675	46,274	-	-	109,388	-	109,388
22,815	374,634	-	-	400,766	-	400,766
-	391,026	-	-	391,026	-	391,026
-	1,417	-	-	1,417	-	1,417
-	6,920,009	-	-	7,610,991	(7,610,991)	-
-	66,782	-	-	70,113	-	70,113
-	20,254	-	-	20,254	-	20,254
<u>654,539</u>	<u>15,130,773</u>	<u>100,281</u>	<u>35,823</u>	<u>21,370,342</u>	<u>(7,610,991)</u>	<u>13,759,351</u>
-	442,836	-	-	880,120	-	880,120
-	10,875,737	-	-	12,115,737	(3,555,054)	8,560,683
-	11,712	-	-	11,712	-	11,712
-	700,100	-	-	700,100	-	700,100
-	876,246	-	-	876,246	-	876,246
-	7,021,897	-	-	9,391,030	-	9,391,030
27,850	18,136,066	-	-	24,294,470	-	24,294,470
<u>27,850</u>	<u>38,064,594</u>	<u>-</u>	<u>-</u>	<u>48,269,415</u>	<u>(3,555,054)</u>	<u>44,714,361</u>
<u>\$ 682,389</u>	<u>\$ 53,195,367</u>	<u>\$ 100,281</u>	<u>\$ 35,823</u>	<u>\$ 69,639,757</u>	<u>\$ (11,166,045)</u>	<u>\$ 58,473,712</u>
\$ -	\$ 505,782	\$ -	\$ -	\$ 562,661	\$ -	\$ 562,661
134,877	5,878,745	-	-	7,610,991	(7,610,991)	-
-	222,781	-	-	222,781	-	222,781
-	1,423	-	-	1,423	-	1,423
-	212,461	-	-	323,771	-	323,771
-	460,581	-	-	1,057,203	-	1,057,203
<u>134,877</u>	<u>7,281,773</u>	<u>-</u>	<u>-</u>	<u>9,778,830</u>	<u>(7,610,991)</u>	<u>2,167,839</u>
-	271,779	-	-	271,779	-	271,779
-	15,902,840	-	-	19,552,833	(3,555,054)	15,997,779
-	16,174,619	-	-	19,824,612	(3,555,054)	16,269,558
<u>134,877</u>	<u>23,456,392</u>	<u>-</u>	<u>-</u>	<u>29,603,442</u>	<u>(11,166,045)</u>	<u>18,437,397</u>
27,850	11,294,705	-	-	16,630,518	-	16,630,518
177,156	-	74,827	35,823	287,806	-	287,806
342,506	18,444,270	25,454	-	23,117,991	-	23,117,991
<u>547,512</u>	<u>29,738,975</u>	<u>100,281</u>	<u>35,823</u>	<u>40,036,315</u>	<u>-</u>	<u>40,036,315</u>
<u>\$ 682,389</u>	<u>\$ 53,195,367</u>	<u>\$ 100,281</u>	<u>\$ 35,823</u>	<u>\$ 69,639,757</u>	<u>\$ (11,166,045)</u>	<u>\$ 58,473,712</u>

	Public and Indian Housing 14.850	Green Ridge Meadows 14.182	Canyon Gate Apartments 14.182	Blended Component Units 14.182	Community Development Block Grants 14.218
Operating Revenues					
HUD PHA grants	\$ -	\$ 303,684	\$ 349,249	\$ 315,476	\$ -
HAP income	-	-	-	-	-
Other grants	-	-	-	-	400,392
Rental income	-	326,532	189,791	2,004,831	-
Management fees	-	-	-	-	-
Other	-	10,252	8,334	102,039	-
Total Operating Revenues	-	640,468	547,374	2,422,346	400,392
Operating Expenses					
Housing assistance payments	-	-	-	-	-
Administrative salaries and benefits	-	182,941	120,711	410,602	90,245
Maintenance salaries and benefits	-	55,238	54,105	148,195	292,180
Regular and extraordinary maintenance	-	174,139	142,881	592,933	2,236
Other administrative	30	82,976	66,740	249,026	15,731
Depreciation	-	76,798	16,529	323,859	-
Utilities	-	41,971	30,838	227,054	-
Insurance	-	17,496	22,189	137,400	-
Other	-	234	325	14,171	-
Total Operating Expenses	30	631,793	454,318	2,103,240	400,392
Operating Income (Loss)	(30)	8,675	93,056	319,106	-
Non-Operating Revenues (Expenses)					
Interest income	43,373	2,048	1,516	52,947	-
Impairment loss	-	-	-	-	-
Gain on sale of capital assets	-	-	-	291,069	-
Interest expense	-	(15,509)	(24,892)	(135,151)	-
Total Non-Operating Revenues (Expenses)	43,373	(13,461)	(23,376)	208,865	-
Change in Net Position Before Gain on Sale of Equity Method Investment and Transfers	43,343	(4,786)	69,680	527,971	-
Gain on sale of equity method investment	-	-	-	-	-
Interprogram transfers	(3,672,726)	-	-	-	-
Total Gain on Sale of Equity Method Investment and Transfers	(3,672,726)	-	-	-	-
Change in Net Position	(3,629,383)	(4,786)	69,680	527,971	-
Net Position - Beginning of Year	6,514,018	985,311	108,697	-	-
Change in reporting entity	-	-	-	5,042,216	-
Net Position - Beginning of Year, as Restated	6,514,018	985,311	108,697	5,042,216	-
Net Position, End of Year	\$ 2,884,635	\$ 980,525	\$ 178,377	\$ 5,570,187	\$ -

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

Housing Choice Vouchers 14.871	Business Activities	Mainstream Vouchers 14.879	Family Unification Program (FUP) 14.880	Total	Elimination of Intercompany Activity	Total
\$ 1,050,015	\$ -	\$ 371,279	\$ 36,408	\$ 2,426,111	\$ -	\$ 2,426,111
16,057,199	-	-	-	16,057,199	-	16,057,199
-	-	-	-	400,392	-	400,392
-	6,398,813	-	-	8,919,967	-	8,919,967
-	586,537	-	-	586,537	(520,500)	66,037
80,065	518,863	-	-	719,553	-	719,553
<u>17,187,279</u>	<u>7,504,213</u>	<u>371,279</u>	<u>36,408</u>	<u>29,109,759</u>	<u>(520,500)</u>	<u>28,589,259</u>
15,908,653	-	337,541	585	16,246,779	-	16,246,779
425,703	1,569,782	-	-	2,799,984	-	2,799,984
178,055	508,064	-	-	1,235,837	-	1,235,837
869	1,375,111	-	-	2,288,169	-	2,288,169
184,041	1,126,320	-	-	1,724,864	(520,500)	1,204,364
12,134	962,233	-	-	1,391,553	-	1,391,553
-	589,903	-	-	889,766	-	889,766
6,454	320,810	-	-	504,349	-	504,349
78,437	70,926	-	-	164,093	-	164,093
<u>16,794,346</u>	<u>6,523,149</u>	<u>337,541</u>	<u>585</u>	<u>27,245,394</u>	<u>(520,500)</u>	<u>26,724,894</u>
<u>392,933</u>	<u>981,064</u>	<u>33,738</u>	<u>35,823</u>	<u>1,864,365</u>	<u>-</u>	<u>1,864,365</u>
5,694	336,056	-	-	441,634	(135,084)	306,550
-	(1,585,236)	-	-	(1,585,236)	-	(1,585,236)
-	1,523	-	-	292,592	-	292,592
-	(856,724)	-	-	(1,032,276)	135,084	(897,192)
<u>5,694</u>	<u>(2,104,381)</u>	<u>-</u>	<u>-</u>	<u>(1,883,286)</u>	<u>-</u>	<u>(1,883,286)</u>
<u>398,627</u>	<u>(1,123,317)</u>	<u>33,738</u>	<u>35,823</u>	<u>(18,921)</u>	<u>-</u>	<u>(18,921)</u>
-	444,158	-	-	444,158	-	444,158
<u>(66,543)</u>	<u>3,672,726</u>	<u>66,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(66,543)</u>	<u>4,116,884</u>	<u>66,543</u>	<u>-</u>	<u>444,158</u>	<u>-</u>	<u>444,158</u>
<u>332,084</u>	<u>2,993,567</u>	<u>100,281</u>	<u>35,823</u>	<u>425,237</u>	<u>-</u>	<u>425,237</u>
215,428	26,745,408	-	-	34,568,862	-	34,568,862
-	-	-	-	5,042,216	-	5,042,216
<u>215,428</u>	<u>26,745,408</u>	<u>-</u>	<u>-</u>	<u>39,611,078</u>	<u>-</u>	<u>39,611,078</u>
<u>\$ 547,512</u>	<u>\$ 29,738,975</u>	<u>\$ 100,281</u>	<u>\$ 35,823</u>	<u>\$ 40,036,315</u>	<u>\$ -</u>	<u>\$ 40,036,315</u>

	General Fund	Development	Mountain View	Aspen Ridge	Redwood Village	Viking Square
Assets						
Current Assets						
Cash and cash equivalents	\$ 1,622,143	\$ 214,061	\$ -	\$ 1,020,166	\$ 233,035	\$ 530,251
Restricted cash and cash equivalents	-	-	14	204,629	170,961	322,679
Accounts receivable						
Tenants, net	-	-	-	8,738	1,499	-
Other	357,174	17,460	-	-	-	-
Developer fee	391,026	-	-	-	-	-
Accrued interest receivable - short-term	1,417	-	-	-	-	-
Interprogram receivable	3,595,783	-	-	401,554	-	72,099
Prepaid expenses	-	-	-	-	-	66,782
Notes receivable - current portion	13,427	-	-	-	-	-
Total current assets	5,980,970	231,521	14	1,635,087	405,495	991,811
Accrued interest receivable - long-term	442,836	-	-	-	-	-
Notes receivable, net of current portion	8,684,643	-	-	-	-	-
Other assets, net of accumulated amortization	-	-	-	-	-	-
Equity method investments	700,100	-	-	-	-	-
Property held for sale	-	-	876,246	-	-	-
Non-depreciable capital assets	2,193,325	381,019	-	955,000	331,463	620,000
Depreciable capital assets, net	1,451,582	-	-	3,028,369	1,145,912	2,127,819
Total assets	\$ 19,453,456	\$ 612,540	\$ 876,260	\$ 5,618,456	\$ 1,882,870	\$ 3,739,630
Liabilities and Net Position						
Current Liabilities						
Accounts payable	\$ 262,188	\$ 139,870	\$ -	\$ 12,291	\$ 3,217	\$ 27,640
Interprogram payable	3,831,047	172,145	431,916	31,822	43,258	7,862
Accrued compensated absences	222,781	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Tenant security deposits payable	-	-	-	37,195	15,105	18,391
Notes and mortgages payable - current portion	-	-	-	102,117	37,425	-
Total current liabilities	4,316,016	312,015	431,916	183,425	99,005	53,893
Long-Term Liabilities						
Rehab payable	-	-	-	-	-	-
Notes and mortgages payable - net of current portion	2,500,163	-	-	2,780,054	1,018,871	2,800,000
Total long-term liabilities	2,500,163	-	-	2,780,054	1,018,871	2,800,000
Total liabilities	6,816,179	312,015	431,916	2,963,479	1,117,876	2,853,893
Net Position						
Net investment in capital assets	3,644,907	381,019	-	1,101,198	421,079	(52,181)
Unrestricted	8,992,370	(80,494)	444,344	1,553,779	343,915	937,918
Total net position	12,637,277	300,525	444,344	2,654,977	764,994	885,737
Total liabilities and net position	\$ 19,453,456	\$ 612,540	\$ 876,260	\$ 5,618,456	\$ 1,882,870	\$ 3,739,630

Jefferson County Housing Authority
Combining Statement of Net Position – Business Activities
December 31, 2019

Harlan Street Apartments	Kendall Apartments	Housing Rehab	Glendale Apartments	Caesar Square	Parkview Village	Total Business Activities
\$ 10,597	\$ 301,990	\$ -	\$ 605,198	\$ 352,448	\$ 192,708	\$ 5,082,597
10,550	65,077	687,050	223,281	271,815	271,724	2,227,780
-	-	-	19,065	8,787	8,185	46,274
-	-	-	-	-	-	374,634
-	-	-	-	-	-	391,026
-	-	-	-	-	-	1,417
-	-	-	-	2,666,410	184,163	6,920,009
-	-	-	-	-	-	66,782
-	-	6,827	-	-	-	20,254
<u>21,147</u>	<u>367,067</u>	<u>693,877</u>	<u>847,544</u>	<u>3,299,460</u>	<u>656,780</u>	<u>15,130,773</u>
-	-	-	-	-	-	442,836
-	-	2,191,094	-	-	-	10,875,737
-	-	-	11,712	-	-	11,712
-	-	-	-	-	-	700,100
-	-	-	-	-	-	876,246
118,750	268,369	-	1,200,000	490,469	463,502	7,021,897
<u>326,103</u>	<u>666,403</u>	<u>-</u>	<u>4,409,121</u>	<u>2,172,319</u>	<u>2,808,438</u>	<u>18,136,066</u>
<u>444,853</u>	<u>934,772</u>	<u>2,191,094</u>	<u>5,620,833</u>	<u>2,662,788</u>	<u>3,271,940</u>	<u>38,064,594</u>
<u>\$ 466,000</u>	<u>\$ 1,301,839</u>	<u>\$ 2,884,971</u>	<u>\$ 6,468,377</u>	<u>\$ 5,962,248</u>	<u>\$ 3,928,720</u>	<u>\$ 53,195,367</u>
\$ 164	\$ 252	\$ 5,038	\$ 26,333	\$ 9,114	\$ 19,675	\$ 505,782
88,904	39,473	536,149	83,075	576,156	36,938	5,878,745
-	-	-	-	-	-	222,781
-	-	-	-	1,423	-	1,423
2,016	5,025	-	57,635	54,220	22,874	212,461
-	-	-	142,864	28,630	149,545	460,581
<u>91,084</u>	<u>44,750</u>	<u>541,187</u>	<u>309,907</u>	<u>669,543</u>	<u>229,032</u>	<u>7,281,773</u>
-	-	271,779	-	-	-	271,779
-	-	-	2,150,869	2,774,749	1,878,134	15,902,840
-	-	271,779	2,150,869	2,774,749	1,878,134	16,174,619
<u>91,084</u>	<u>44,750</u>	<u>812,966</u>	<u>2,460,776</u>	<u>3,444,292</u>	<u>2,107,166</u>	<u>23,456,392</u>
444,853	934,772	-	3,315,388	(140,591)	1,244,261	11,294,705
(69,937)	322,317	2,072,005	692,213	2,658,547	577,293	18,444,270
<u>374,916</u>	<u>1,257,089</u>	<u>2,072,005</u>	<u>4,007,601</u>	<u>2,517,956</u>	<u>1,821,554</u>	<u>29,738,975</u>
<u>\$ 466,000</u>	<u>\$ 1,301,839</u>	<u>\$ 2,884,971</u>	<u>\$ 6,468,377</u>	<u>\$ 5,962,248</u>	<u>\$ 3,928,720</u>	<u>\$ 53,195,367</u>

	General Fund	Development	Mountain View	Aspen Ridge	Redwood Village	Viking Square Apartments
Operating Revenues						
Rental income	\$ -	\$ 2,500	\$ 73,998	\$ 1,317,569	\$ 484,308	\$ 632,674
Management fees	586,537	-	-	-	-	-
Other	161,905	-	33,074	32,286	15,349	14,798
Total Operating Revenues	748,442	2,500	107,072	1,349,855	499,657	647,472
Operating Expenses						
Administrative salaries and benefits	254,062	217,141	38,854	195,975	107,722	108,018
Maintenance salaries and benefits	162,660	-	9,491	74,299	30,057	45,971
Regular and extraordinary maintenance	105,234	893	26,324	289,027	92,329	95,889
Other administrative	318,760	86,806	12,979	98,421	48,694	47,426
Depreciation	54,739	-	55,359	134,445	52,276	73,946
Utilities	10,981	-	11,797	85,283	36,301	35,586
Insurance	26,955	-	12,768	52,738	27,080	23,638
Other	-	-	1,667	14,295	835	1,332
Total Operating Expenses	933,391	304,840	169,239	944,483	395,294	431,806
Operating Income (Loss)	(184,949)	(302,340)	(62,167)	405,372	104,363	215,666
Non-Operating Revenues (Expenses)						
Interest income	319,846	-	279	1,698	1,442	822
Impairment loss	-	-	(1,585,236)	-	-	-
Gain (loss) on disposal of capital assets	(36)	-	-	(132)	-	(178)
Interest expense	(135,084)	-	-	(138,512)	(50,765)	(102,200)
Total Non-Operating Revenues (Expenses)	184,726	-	(1,584,957)	(136,946)	(49,323)	(101,556)
Change in Net Position Before Gain on Sale of Equity Method Investment and Transfers	(223)	(302,340)	(1,647,124)	268,426	55,040	114,110
Gain on sale of equity method investment	444,158	-	-	-	-	-
Interprogram Transfers	1,385,730	602,865	1,684,131	-	-	-
Total Gain on Sale of Equity Method Investment and Transfers	1,829,888	602,865	1,684,131	-	-	-
Change in Net Position	1,829,665	300,525	37,007	268,426	55,040	114,110
Net Position - Beginning of Year	10,807,612	-	407,337	2,386,551	709,954	771,627
Net Position - End of Year	\$ 12,637,277	\$ 300,525	\$ 444,344	\$ 2,654,977	\$ 764,994	\$ 885,737

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position – Business Activities
Year Ended December 31, 2019

Harlan Street Apartments	Kendall Apartments	Housing Rehab	Glendale Apartments	Caesar Square	Parkview Village	Total Business Activities
\$ 68,244	\$ 197,470	\$ -	\$ 1,382,245	\$ 1,142,218	\$ 1,097,587	\$ 6,398,813
-	-	-	-	-	-	586,537
329	2,886	102,700	51,953	62,655	40,928	518,863
68,573	200,356	102,700	1,434,198	1,204,873	1,138,515	7,504,213
9,494	46,538	8,420	283,886	237,060	62,612	1,569,782
2,471	19,770	10	21,191	58,744	83,400	508,064
14,387	41,194	51,938	222,381	191,255	244,260	1,375,111
8,179	18,976	11,255	103,954	212,652	158,218	1,126,320
10,188	48,896	52	232,849	131,024	168,459	962,233
3,800	12,750	-	236,033	92,307	65,065	589,903
6,065	9,957	3,714	58,293	60,417	39,185	320,810
2,149	300	-	26,231	10,875	13,242	70,926
56,733	198,381	75,389	1,184,818	994,334	834,441	6,523,149
11,840	1,975	27,311	249,380	210,539	304,074	981,064
-	323	5,397	1,683	2,101	2,465	336,056
-	-	-	-	-	-	(1,585,236)
-	-	-	(165)	(298)	2,332	1,523
-	-	-	(115,745)	(211,335)	(103,083)	(856,724)
-	323	5,397	(114,227)	(209,532)	(98,286)	(2,104,381)
11,840	2,298	32,708	135,153	1,007	205,788	(1,123,317)
-	-	-	-	-	-	444,158
-	-	-	-	-	-	3,672,726
-	-	-	-	-	-	4,116,884
11,840	2,298	32,708	135,153	1,007	205,788	2,993,567
363,076	1,254,791	2,039,297	3,872,448	2,516,949	1,615,766	26,745,408
\$ 374,916	\$ 1,257,089	\$ 2,072,005	\$ 4,007,601	\$ 2,517,956	\$ 1,821,554	\$ 29,738,975

	Orchard Valley	New Development	Parkview West	Allison Village	Public Housing	West 46th
Assets						
Current Assets						
Cash and cash equivalents	\$ 87,554	\$ -	\$ 39,518	\$ 52,082	\$ 159,831	\$ -
Restricted cash and cash equivalents	50,457	-	144,864	52,558	-	9,930
Accounts receivable						
Tenants, net	-	-	100	1,703	-	-
Other	-	-	3,317	-	-	-
Due from other projects	774,059	146,467	-	-	149,808	-
Interprogram receivable	-	-	-	-	121,222	-
Total current assets	912,070	146,467	187,799	106,343	430,861	9,930
Accrued interest receivable - long-term	-	437,284	-	-	-	-
Note receivable	-	1,240,000	-	-	-	-
Non-depreciable capital assets	150,000	-	249,784	492,000	-	97,200
Depreciable capital assets, net	300,905	-	1,338,622	1,269,967	-	283,933
	450,905	1,677,284	1,588,406	1,761,967	-	381,133
Total assets	\$ 1,362,975	\$ 1,823,751	\$ 1,776,205	\$ 1,868,310	\$ 430,861	\$ 391,063
Liabilities and Net Position						
Current Liabilities						
Accounts payable	\$ 5,150	\$ -	\$ 1,783	\$ 3,382	\$ -	\$ 919
Due to other projects	-	-	2,453	833,509	-	92,732
Interprogram payable	331,117	88,399	199,161	368,281	-	152,396
Tenant security deposits payable	9,533	-	17,743	8,647	-	2,724
Notes and mortgages payable - current portion	-	-	70,784	68,736	-	-
Total current liabilities	345,800	88,399	291,924	1,282,555	-	248,771
Long-Term Liabilities						
Notes and mortgages payable, net of current portion	67,331	-	911,506	1,026,507	987,560	-
Total liabilities	413,131	88,399	1,203,430	2,309,062	987,560	248,771
Net Position						
Net investment in capital assets	383,574	-	606,116	666,724	-	381,133
Unrestricted	566,270	1,735,352	(33,341)	(1,107,476)	(556,699)	(238,841)
Total net position	949,844	1,735,352	572,775	(440,752)	(556,699)	142,292
Total liabilities and net position	\$ 1,362,975	\$ 1,823,751	\$ 1,776,205	\$ 1,868,310	\$ 430,861	\$ 391,063

Jefferson County Housing Authority
Combining Statement of Net Position – Blended Component Units
December 31, 2019

	Respite	Upham	West 40th	Wheat Ridge Park	Arvada Cottages	Hilltop	Subtotal	Elimination Entries	Total
\$	-	\$ 39,650	\$ 16,517	\$ 98,254	\$ 37,889	\$ 75,903	\$ 607,198	\$ -	\$ 607,198
	-	112,561	53,204	73,806	37,398	88,496	623,274	-	623,274
	-	-	3,805	1,092	-	1,062	7,762	-	7,762
	-	-	-	-	-	-	3,317	-	3,317
	-	-	-	116,216	150,300	22,270	1,359,120	(1,359,120)	-
	-	-	-	-	-	-	121,222	-	121,222
	-	152,211	73,526	289,368	225,587	187,731	2,721,893	(1,359,120)	1,362,773
	-	-	-	-	-	-	437,284	-	437,284
	-	-	-	-	-	-	1,240,000	-	1,240,000
	-	101,231	69,825	95,000	479,170	300,789	2,034,999	-	2,034,999
	-	286,841	197,058	487,024	702,886	959,160	5,826,396	-	5,826,396
	-	388,072	266,883	582,024	1,182,056	1,259,949	9,538,679	-	9,538,679
\$	-	\$ 540,283	\$ 340,409	\$ 871,392	\$ 1,407,643	\$ 1,447,680	\$ 12,260,572	\$ (1,359,120)	\$ 10,901,452
\$	-	\$ 1,816	\$ 380	\$ 3,663	\$ 280	\$ 33,094	\$ 50,467	\$ -	\$ 50,467
	-	433	3,498	-	426,495	-	1,359,120	(1,359,120)	-
	-	68,988	121,380	16,317	27,000	200,983	1,574,022	-	1,574,022
	-	4,049	1,300	6,474	5,959	9,152	65,581	-	65,581
	-	-	-	-	120,844	-	260,364	-	260,364
	-	75,286	126,558	26,454	580,578	243,229	3,309,554	(1,359,120)	1,950,434
	-	-	-	-	387,927	-	3,380,831	-	3,380,831
	-	75,286	126,558	26,454	968,505	243,229	6,690,385	(1,359,120)	5,331,265
	-	388,072	266,883	582,024	673,285	1,259,949	5,207,760	67,331	5,275,091
	-	76,925	(53,032)	262,914	(234,147)	(55,498)	362,427	(67,331)	295,096
	-	464,997	213,851	844,938	439,138	1,204,451	5,570,187	-	5,570,187
\$	-	\$ 540,283	\$ 340,409	\$ 871,392	\$ 1,407,643	\$ 1,447,680	\$ 12,260,572	\$ (1,359,120)	\$ 10,901,452

	Orchard Valley	New Development	Parkview West	Allison Village	Public Housing	West 46th
Operating Revenues						
HUD PHA Grants	\$ -	\$ -	\$ -	\$ 149,144	\$ -	\$ -
Rental income	380,077	-	568,365	143,996	-	82,329
Other	8,835	-	62,126	4,786	-	1,314
Total Operating Revenues	388,912	-	630,491	297,926	-	83,643
Operating Expenses						
Administrative salaries and benefits	89,492	-	34,004	82,673	-	-
Maintenance salaries and benefits	15,884	-	27,925	46,613	-	-
Regular and extraordinary maintenance	68,619	-	217,332	43,553	-	21,809
Other administrative	29,849	-	73,927	33,350	-	8,885
Depreciation	19,961	-	69,356	60,483	-	15,172
Utilities	45,870	-	47,969	37,482	-	5,556
Insurance	18,173	-	26,807	19,430	-	9,898
Other	(3)	-	40	9,781	-	-
Total Operating Expenses	287,845	-	497,360	333,365	-	61,320
Operating Income (Loss)	101,067	-	133,131	(35,439)	-	22,323
Non-Operating Revenues (Expenses)						
Interest income	41	51,956	391	47	-	65
Gain (loss) on disposal of capital assets	-	-	-	-	-	-
Interest expense	-	-	(49,379)	(56,260)	-	(2,442)
Total other gain (loss)	41	51,956	(48,988)	(56,213)	-	(2,377)
Change in Net Position Before Transfers	101,108	51,956	84,143	(91,652)	-	19,946
Interprogram Transfers	-	-	-	-	445,211	-
Change in Net Position	101,108	51,956	84,143	(91,652)	445,211	19,946
Net Position, Beginning of Year	848,736	1,683,396	488,632	(349,100)	(1,001,910)	122,346
Net Position, End of Year	\$ 949,844	\$ 1,735,352	\$ 572,775	\$ (440,752)	\$ (556,699)	\$ 142,292

Jefferson County Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position – Blended Component Units
Year Ended December 31, 2019

Respite	Upham	West 40th	Wheat Ridge Park	Arvada Cottages	Hilltop	Total
\$ -	\$ -	\$ -	\$ -	166,332	\$ -	315,476
-	124,699	81,774	198,946	56,480	368,165	2,004,831
854	2,364	2,409	16,121	858	2,372	102,039
854	127,063	84,183	215,067	223,670	370,537	2,422,346
-	27,050	13,045	46,773	32,754	84,811	410,602
-	5,776	6,934	8,635	5,394	31,034	148,195
3,262	28,562	25,731	42,982	39,149	101,934	592,933
1	17,174	12,503	21,543	17,739	34,055	249,026
1,223	19,362	10,617	24,839	41,026	61,820	323,859
721	19,790	9,896	20,734	15,689	23,347	227,054
405	9,695	6,419	18,552	9,651	18,370	137,400
-	146	-	3,180	1,027	-	14,171
5,612	127,555	85,145	187,238	162,429	355,371	2,103,240
(4,758)	(492)	(962)	27,829	61,241	15,166	319,106
-	124	57	65	112	89	52,947
297,172	(76)	-	-	(5,027)	(1,000)	291,069
-	-	-	-	(26,165)	(905)	(135,151)
297,172	48	57	65	(31,080)	(1,816)	208,865
292,414	(444)	(905)	27,894	30,161	13,350	527,971
(445,648)	437	-	-	-	-	-
(153,234)	(7)	(905)	27,894	30,161	13,350	527,971
153,234	465,004	214,756	817,044	408,977	1,191,101	5,042,216
\$ -	\$ 464,997	\$ 213,851	\$ 844,938	\$ 439,138	\$ 1,204,451	\$ 5,570,187

Jefferson County Housing Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

<u>Federal Agency/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs</i>			
Section 8 Housing Choice Vouchers	14.871		\$ 16,794,346
5-Year Mainstream Vouchers	14.879		<u>337,541</u>
Total Housing Voucher Cluster			<u>17,131,887</u>
Family Unification Vouchers	14.880		<u>585</u>
Section 8 New Construction and Substantial Rehabilitation - CO99H001072	14.182		303,684
Section 8 New Construction and Substantial Rehabilitation - CO99H001101	14.182		349,249
Section 8 New Construction and Substantial Rehabilitation - CO99H001071	14.182		166,332
Section 8 New Construction and Substantial Rehabilitation - CO99H001049	14.182		<u>149,144</u>
Total Section 8 Project-Based Cluster			<u>968,409</u>
Total Direct Programs			<u>18,100,881</u>
<i>Passed Through the City of Lakewood</i>			
Community Development Block Grants	14.218		128,698
<i>Passed Through Jefferson County</i>			
Community Development Block Grants	14.218		168,030
<i>Passed Through City of Westminster</i>			
Community Development Block Grants	14.218		<u>103,664</u>
Total CDBG Entitlement Grants Cluster			<u>400,392</u>
Total U.S. Department of Housing and Urban Development			<u>18,501,273</u>
Total Federal Expenditures			<u><u>\$ 18,501,273</u></u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Jefferson County Housing Authority under programs of the federal government for the year ended December 31, 2019. The information 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 the 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.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note C – Indirect Cost Rate

The Authority does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of the Jefferson County Housing Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 25, 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 reportable 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
September 25, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited Jefferson County Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on 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 the Major Federal Program

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
September 25, 2020

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Housing Voucher Cluster	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers (MP)	14.879
Section 8 Project Based Cluster	
Section 8 New Construction and Substantial Rehabilitation	14.182
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None