Financial Statements
December 31, 2015

Jefferson County Housing Authority

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 unit of Jefferson County Housing Authority (the Authority) as of and for the year ended December 31, 2015, 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 unit was 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 unit of Jefferson County Housing Authority as of December 31, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County Housing Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated May 24, 2016, on our consideration of Jefferson County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County Housing Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
May 24, 2016

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, 2015. The Management’s 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 $25,882,457 at December 31, 2015, an increase of $1,526,793 or a 6.3% increase from the $24,355,664 reported at December 31, 2014.
- The fiscal year ended with a current ratio of 5.1, allowing the Authority to meet its current obligations 5.1 times. The current ratio for 2014 was 4.3.
- Number of month’s expendable net position ratio was 6.8 at December 31, 2015 a positive increase from 2014’s ratio of 5.3. This demonstrates the Authority’s ability to meet monthly expenses.
- Total Cash, Cash Equivalents and Investments were $9,485,515 fiscal year end 2015 and $6,841,385 at yearend 2014 for a net increase of $2,644,130.
- The Section 8 Housing Choice Voucher Annual contributions increased $579,294 in 2015 to $10,292,617 up from 2014’s $9,713,323.
- The year was finished with a Net Increase in Net Position (Profit) of $1,526,793. Revenues totaled $19,072,594 and expenditures were ($17,545,801).
- The Authority purchased a new property, Harlan Street Apartments, adding 6 new units to its portfolio.

Using the Financial Statements

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

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

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

Using the Financial Statements (continued)

expenses are interest income, mortgage interest expense, capital grants, and net income/loss from joint ventures, bringing us to the Change in Net Position (profit/loss) for the year just ended.

Each column of the combining statements beginning on page 32 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 2015 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 15, immediately after the Statement of Cash Flows.

Financial Analysis

STATEMENTS OF NET POSITION

	2015	2014	Dollar Change	Percent Change
ASSETS				
Current Assets	$ 11,923,882	$ 9,194,898	$ 2,728,984	29.7%
Notes Receivable	8,170,183	10,806,508	(2,636,325)	-24.4%
Other Non Current Assets	661,233	641,720	19,513	3.0%
Capital Assets	26,779,280	26,336,591	442,689	1.7%
Total Assets	$ 47,534,578	$ 46,979,717	$ 554,861	1.2%
LIABILITIES				
Current Liabilities	$ 2,353,915	$ 2,130,924	$ 222,991	10.5%
Other Payables	619,432	703,251	(83,819)	-11.9%
Mortgages Payable	18,678,774	19,789,878	(1,111,104)	-5.6%
Total Liabilities	21,652,121	22,624,053	(971,932)	-4.3%
NET POSITION				
Net investment in Capital Assets	6,637,078	10,351,166	(3,714,088)	-35.9%
Restricted	93,530	59,546	33,984	57.1%
Unrestricted	19,151,849	13,944,952	5,206,897	37.3%
Total Net Position	25,882,457	24,355,664	1,526,793	6.3%
Total Liabilities and Net Position	$ 47,534,578	$ 46,979,717	$ 554,861	1.2%

Total Assets at 2015 year end were $47,534,578, an increase of $554,861 or 1.2% from the $46,979,717 reported for 2014.

Financial Analysis (Continued)

- There was an increase of $2,728,984 in Current Assets, with increases in Cash and Restricted Cash of $2,644,130 from the proceeds received from the sale of the Public Housing units, Notes Receivable, Current Portion of $101,892, and Due from Jeffco Housing Corporation of $219,810 for a total all increases of $2,965,832. This was offset with decreases in Accrued Interest of ($165,519), Prepaid Expenses of ($28,611), and Accounts Receivable of ($42,718) for a total of ($236,848).
- Non-Current Assets decreased ($2,174,123) with decreases in Notes Receivable of ($2,636,325), Equity in Joint Venture of ($14,720), and Tax Credit Fees of ($30,952) offset with increases in Miscellaneous Non-Current Assets of $65,185 and an increase in capital assets of $442,689.
- Current Liabilities at 2015 year end were $2,353,915, an increase from 2014 by $222,991. The change is made up of an increase in Accounts Payable by $85,641, in Prepaid Rents of $1,950, in the Current Portion of Compensated Absences of $58,552, in Tenant Security Deposits of $17,349 and the Current Portion of Mortgages Payable of $79,809, less the decrease in Due to Jeffco Housing Corp of ($20,310).
- Other payables were $619,432, a decrease of ($83,819) from the prior year due to the decrease of ($26,685) in the Long-Term portion of Compensated Absences and ($57,134) in Rehab Payable.
- Mortgages Payable was $18,678,774, a decrease of ($1,111,104) from last year. This change was mainly due to mortgage principal payments.
- On December 31, 2015, assets exceeded liabilities by $25,882,457. This is made up of $6,637,078 net investment in capital assets, $93,530 in restricted housing assistance payments, and $19,151,849 in unrestricted assets.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2015	2014	Dollar Change	Percent Change
OPERATING REVENUES	$ 18,472,487	$ 16,514,643	$ 1,957,844	11.9%
OPERATING EXPENSES	16,799,217	15,869,813	929,404	5.9%
NET OPERATING INCOME	1,673,270	644,830	1,028,440	159.5%
NET NON-OPERATING REVENUE (EXPENSES)	(146,477)	3,251,498	(3,397,975)	-104.5%
NET INCREASE (DECREASE) IN NET POSITION	1,526,793	3,896,328	(2,369,535)	-60.8%
NET POSITION-Beginning of year as previously stated	24,355,664	24,326,020	29,644	0.1%
Removal of Glendale LLLP	-	(3,866,684)	3,866,684	N/A
NET POSITION, Beginning of year	24,355,664	20,459,336	3,896,328	19.0%
NET POSITION, End of year	$ 25,882,457	$ 24,355,664	$ 1,526,793	6.3%

Financial Analysis (Continued)

- Operating Revenues had an increase of $1,957,844 due to the increase in Rental Income of $401,743, and Operating Subsidies of $2,297,087 and a decrease in Other Income of ($740,986).
- Operating Expenses increased by ($929,404) this year. This is from increases in HAP expense ($651,685), Operating costs ($630,568), and Depreciation ($75,606) with a decrease in Utilities of $428,455.
- Non-Operating Revenues (Expenses) changed by $3,397,975 in 2015. There was a write off of $3.6M in 2014 of the Glendale LLLP which affected this change. For our normal operations this year we had ($146,477) in expenses compared to ($445,870) in normal operations in 2014.
- The Authority finished the year with a Change in Net Position of $1,526,793.

CAPITAL ASSETS

	2015	2014	Dollar Change	Percent Change
Nondepreciable Assets				
Land/Construction in progress	$ 5,761,052	$ 5,309,314	$ 451,738	8.5%
Depreciable Assets				
Buildings and improvements	30,754,944	30,219,326	535,618	1.8%
Equipment and furniture	3,817,954	3,606,333	211,621	5.9%
Total Depreciable Assets	34,572,898	33,825,659	747,239	2.2%
Less Accumulated Depreciation	(13,554,670)	(12,660,013)	(894,657)	7.1%
Total Capital Assets, Being Depreciated, Net	21,018,228	21,165,646	(147,418)	-0.7%
Total Capital Assets, Net	$ 26,779,280	$ 26,474,960	$ 304,320	1.1%

As of December 31, 2015, the Authority had $26,779,280 invested in a broad range of capital assets, including sites, buildings, and equipment. As of December 31, 2014, this amount was $26,474,960 a decrease of ($304,320). 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 STATEMENTS OF CHANGES IN LONG-TERM DEBT

	2015	2014	Dollar Change	Percent Change
Mortgages Payable-Current	$ 1,463,428	$ 1,383,619	$ 79,809	5.8%
Mortgages Payable	18,678,774	19,789,878	(1,111,104)	-5.6%
Total	$ 20,142,202	$ 21,173,497	$ (1,031,295)	-4.9%

Financial Analysis (Continued)

As of December 31, 2015 and 2014, the Authority had $20,142,202 and $21,173,497, respectively, of outstanding long-term debt for a net decrease of ($1,031,295). Details of the mortgages can be found in Note 7 in the footnotes section of the financial statements.

The Authority's Program Analysis and Highlights

General Fund Program

The General Fund Program is responsible for developing new units in Jefferson County. The General Fund Program has a net position of $3,690,861 at year-end 2015. The Authority will be painting the interior hallways and common areas in the main offices, stabilizing the exterior concrete on the south side of the main offices, and purchasing new computers.

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 2015, the Program has a net position of $9,230,721.

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 2015, the Authority received funding for 16,496 vouchers and administered on average 1,375 rental vouchers per month to low-income clients in Jefferson County. The Authority receives administrative fees as part of this Program and the Program has a net position of $218,297.

Housing Rehab Program

The Housing Rehab Program utilizes grants and affordable loans to do necessary repairs and rehabilitation to the homes of eligible households in Jefferson County. The Housing Rehab Program provides financial and technical assistance to low/moderate income homeowner households. The Housing Rehab Program has a net position at fiscal year-end 2015 of $2,348,964.

Section 8 New Construction Program

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

The Authority's Program Analysis and Highlights (Continued)

Section 8 New Construction Program (Continued)

Canyon Gate Apartments: Canyon Gate Apartments is a 53-unit complex located in Golden, Colorado. Canyon Gate Apartments had an increase in net position of $155,738 and a net position at year-end of $9,303. In 2015, the first floor furniture was replaced, interior common area lighting upgraded and common area hallways painted. Looking forward to 2016, additional washers and dryers will be installed with hookups, the exterior will be painted and there will be major tree trimming.

Green Ridge Meadow Apartments: Green Ridge Meadow Apartments is a 79-unit complex in Evergreen, Colorado. Green Ridge had an increase in net position of $119,064 at year-end and a net position at December 31, 2015, of $721,104. During 2015, the garage style storage building was painted and the damaged shingles were replaced on the roof. In 2016, the garage and gazebo will both receive new roofs, and there will be a designated smoking location.

Below Market Rental Housing

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

Caesar Square Apartments: a 108-unit apartment building in Wheat Ridge, Colorado. Caesar Square Apartments finished the year with a profit of $342,237 and had a net position of $1,564,237 at December 31, 2015. The occupancy rate for 2015 was 98%. Plans for 2016 include siding and painting for three buildings, three water heater replacements and carpet replacement for two building hallways.

Mountain View Apartments: a 15-unit building in Golden, Colorado finished the year with 98.9% occupancy. At December 31, 2015, Mountain View Apartments had a profit of $13,257, and a net position of $176,288. Plans for 2016 include exterior painting of stucco and trimming trees.

Kendall Apartments: a 21-unit apartment building in Wheat Ridge finished the year with 98.4% occupancy. Planned improvements in 2016 are to re-sod a portion of property where there is no grass, replace cabinets and countertops in three apartments and purchase a new utility truck. Kendall Apartments finished the year with a profit of $44,298 and has a net position of $1,206,023.

Viking Square Apartments: a 55-unit apartment building in Arvada, Colorado had an occupancy rate of 97%. For 2016, the large tree will be trimmed, asphalt speed bumps will be repaired/installed and deck work completed. Viking Square ended 2015 with a total net position of $342,390 after a gain of $122,822 for the year.

Aspen Ridge: a 105-unit apartment building in Arvada, Colorado finished the year with an occupancy rate of 99%. Plans for 2016 improvements are to replace 12 units of cabinets and countertops, resurface a portion of the pool deck, redo a portion of the asphalt overlay, replace awnings, and paint the clubhouse. Aspen Ridge finished the year with a profit of $191,868 and had a net position of $1,551,162 at 2015 year-end.

Redwood Village: a 50-unit apartment building in Westminster, Colorado finished the year with 98.5% occupancy. For 2016, plans include the replacement of outdated playground equipment, roof replacement for middle building, and work on the last set of metal railings. Redwood Village, at December 31, 2015, had a profit of $49,916, and a net position of $520,430.

The Authority Program Analysis and Highlights (Continued)

Below Market Rental Housing (Continued)

Parkview Village: a 96-unit apartment complex in Arvada, Colorado was leased at 98.5% occupancy. In 2016, the pool will be painted and plans are to get new pool furniture and to replace the laundry room flooring. At the end of 2015, Parkview Village had a profit of $110,545 and a net position of $803,817.

Glendale Apartments: a 120-unit apartment building in Westminster, Colorado was occupied at 95.5%. Plans for 2016 include concrete work around the community garden, exterior storage shed, playground equipment, complex ground transportation and possible purchase of laundry equipment. Glendale Apartments finished the year with a profit of $7,878 and a net position of $3,512,474 at year-end.

Harlan Street Apartments: a 6-unit apartment building in Lakewood, Colorado is the newest purchase of the Authority. In 2016, it will have a furnace replaced and two of the units will have cabinets and countertops replaced. Harlan Street Apartments had a net position at year-end of ($13,614).

Discretely Presented Component Unit

Lewis Court LLC is a corporation created by the Authority in 2011 to own, rehabilitate, and operate a low-income housing tax credit partnership which borrowed proceeds of the Authority's NSP redevelopment grant. Lewis Court LLC has no employees and all functions are provided by employees of the Authority. Lewis Court is a 50-unit apartment complex. Separately audited financial statements of Lewis LLC are available by contacting the Authority. The component unit had a net position of $8,413,695 at 2015 fiscal year end. There are plans in 2016 to replace two light poles, paint exterior metal work, replace one water heater, two air conditioning units and replace dielectric unions.

Joint Venture

The Authority, in partnership with Metro West Housing Solutions, formally Lakewood Housing Authority owns Cedar Gardens/Cedar Avenue Apartments, a 72-unit complex in Lakewood, Colorado. Plans for 2016 for Cedar Gardens include the fabrication of a BBQ area where the pool was removed from the courtyard.

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

Requests for Information

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

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

	Primary Government	Discretely Presented Component Unit
Assets		
Current Assets		
Cash and cash equivalents	$ 1,305,265	$ 249,167
Restricted cash and cash equivalents	8,061,352	829,845
Investments	118,898	-
Accounts receivable		
Tenants	149,988	4,078
Other	181,040	-
Due from Jeffco Housing Corporation	1,510,728	-
Accrued interest receivable - short-term	1,417	-
Prepaid expenses	2,400	-
Notes receivable - short-term	592,794	-
Total current assets	11,923,882	1,083,090
Accrued Interest Receivable - Long-Term	203,554	-
Notes Receivable	8,170,183	-
Other Assets, Net of Accumulated Amortization	11,712	40,624
Equity in Joint Venture	445,967	-
Capital Assets		
Non-depreciable	5,761,052	1,105,405
Depreciable, net	21,018,228	9,248,492
Total capital assets	26,779,280	10,353,897
	$ 47,534,578	$ 11,477,611

Liabilities and Net Position	Primary Government	Discretely Presented Component Unit
Current Liabilities		
Accounts payable	$ 400,499	$ 20,115
Accrued liabilities	4,078	42,319
Accrued compensated absences	90,000	-
Accrued interest payable - JCHA	-	204,971
Accrued interest payable - Jeffco Housing Corporation	-	229,460
Unearned revenues	2,522	-
Tenant security deposits payable	226,237	14,450
Due to Jeffco Housing Corporation	167,151	-
Notes and mortgages payable - current portion	1,463,428	9,760
Total current liabilities	2,353,915	521,075
Long-Term Liabilities		
Accrued compensated absences	256,342	-
Rehab payable	363,090	-
Notes and mortgages payable - net of current portion	18,678,774	2,542,841
Total long-term liabilities	19,298,206	2,542,841
Total liabilities	21,652,121	3,063,916
Net Position		
Net investment in capital assets	6,637,078	7,801,296
Restricted	93,530	-
Unrestricted	19,151,849	612,399
Total net position	25,882,457	8,413,695
	$ 47,534,578	$ 11,477,611

	Primary Government	Discretely Presented Component Unit
Operating Revenues		
HUD PHA grants	$ 1,717,793	$ -
HAP income	10,292,617	-
Other grants	195,737	-
Rental income	5,611,161	415,904
Management fees	137,830	-
Other	517,349	7,379
Total operating revenues	18,472,487	423,283
Operating Expenses		
Housing assistance payments	10,379,534	-
Administrative salaries and benefits	1,396,669	33,332
Maintenance salaries and benefits	1,007,693	10,531
Regular and extraordinary maintenance	1,168,566	136,266
Other administrative	812,845	92,544
Depreciation and amortization	1,091,365	322,460
Utilities	674,901	55,890
Insurance	198,823	16,906
Other expenses	68,821	-
Total operating expenses	16,799,217	667,929
Operating Income (Loss)	1,673,270	(244,646)
Non-Operating Revenues (Expenses)		
Interest income	73,617	402
Net loss from joint ventures	(26,050)	-
Gain on disposal of capital assets	526,490	-
Interest expense	(720,534)	(107,436)
Total non-operating expenses	(146,477)	(107,034)
Income (Loss) Before HUD Capital Grant Income	1,526,793	(351,680)
HUD Capital Grant Income	-	-
Change in Net Position	1,526,793	(351,680)
Net Position, Beginning of Year	24,355,664	8,765,375
Net Position, End of Year	$ 25,882,457	$ 8,413,695

	Primary Government	Discretely Presented Component Unit
Operating Activities		
HUD PHA grants	$ 1,717,793	$ -
HAP income	10,292,617	-
Other grants	195,737	-
Receipts from tenants	5,854,218	412,280
Management fee income	(81,980)	-
Other income	336,309	7,379
Housing assistance payments	(10,379,534)	-
Payments to employees	(2,372,495)	(43,863)
Payments to suppliers	(2,887,148)	(299,779)
Net Cash from Operating Activities	2,675,517	76,017
Capital and Related Financing Activities		
Purchase of investments	35,500	-
Principal payments on long-term debt	(1,411,295)	(9,012)
Proceeds from long-term debt borrowings	380,000	-
Interest paid on long-term debt	(720,534)	(17,445)
Acquisition of capital assets	(1,459,986)	(15,022)
Proceeds from sale of capital assets	72,587	-
Net Cash used for Capital and Related Financing Activities	(3,103,728)	(41,479)
Investing Activities		
Cash received on notes receivable	3,083,589	-
Interest income	35,582	402
Net Cash from Investing Activities	3,119,171	402
Net Change in Cash and Cash Equivalents	2,690,960	34,940
Cash and Cash Equivalents, Beginning of Year	6,675,657	1,044,072
Cash and Cash Equivalents, End of Year	$ 9,366,617	$ 1,079,012

	Primary Government	Discretely Presented Component Unit
Reconciliation of Cash and Cash Equivalents		
Cash	$ 1,305,265	$ 249,167
Restricted cash	8,061,352	829,845
Total cash and cash equivalents	$ 9,366,617	$ 1,079,012
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	$ 1,673,270	$ (244,646)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	1,091,365	322,460
Changes in assets and liabilities		
(Increase) decrease in receivables	(177,092)	(3,663)
(Increase) decrease in prepaid expenses	28,611	3,939
Increase (decrease) in accounts payable	24,429	3,012
Increase (decrease) in accrued expenses	35,945	(5,124)
Increase (decrease) in unearned revenues	1,950	-
Increase (decrease) in due to Jeffco Housing Corporation	(20,310)	-
Increase (decrease) in security deposits payable	17,349	39
Net Cash from Operating Activities	$ 2,675,517	$ 76,017
Supplemental Schedule of Noncash Investing Activities		
Increase in notes receivable due to adjustment of prior estimated collectible amount	$ 549,156	$ -
Increase in capital asset costs due to accounts payable - construction	$ -	$ 4,180

Note 1 - Nature of Operations and Significant Accounting Policies

General

The Jefferson County Housing Authority (the Authority) is a corporate body politic created in 1975 and uses available federal, state and local resources to serve the residents of Jefferson County, Colorado, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 830 units of affordable housing in Jefferson County and administers 16,496 housing choice vouchers including 2 VASH vouchers.

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

Reporting Entity

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

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

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

Blended Component Unit

Lewis Court LLC (LCLLC) is a nonprofit corporation created by the Authority in 2011 to facilitate the financing of construction for Lewis Court Apartments LLLP (Lewis Court). The sole member of LCLLC is the Authority which is able to impose its will on the organization. LCLLC has no employees and all functions are provided by employees of the Authority. LCLLC is fiscally dependent upon the Authority because the Authority approves the annual budget, the Authority can significantly influence the project, and LCLLC provides services entirely to the Authority. Accordingly, LCLLC is included in the financial reporting entity of the Authority as a blended component unit.

Discretely Presented Component Unit

The component unit column of the financial statements includes the financial data of the Authority's discretely presented component unit as of December 31, 2015. This unit is reported in a separate column to emphasize that it is 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%.

The financial activity of the discretely presented component unit is presented in the Authority’s basic financial statements. Complete financial statements of Lewis Court Apartments LLLP 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 statement of revenues, expenses and changes in net position present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows present the cash flows for operating activities, investing activities, capital and related financing activities and non-capital financing activities.

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

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

Capital Assets

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

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

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

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2015.

Fraud Recovery

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

Operating Revenues and Expenses

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

Restricted and Unrestricted Resources

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

Compensated Absences

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

The amount of compensated absences at December 31, 2015, was $346,342 for the Authority and $0 for the discretely presented component unit.

Unearned Revenues

As of December 31, 2015, the Authority's unearned revenue of $2,522 consisted of prepaid rent from tenants.

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 balance sheet that are subject to restraints on their use by HUD.

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

Business and Credit Risk

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

Budgetary

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

Accounting Estimates

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

Note 2 - Deposits and Investments

Primary Government

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The general depository agreement required by the annual contract with HUD has additional requirements, which the Authority met in 2015.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. As of December 31, 2015, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2015, the Authority's carrying amount of deposits was $9,368,596 and bank balances totaled $9,447,998. Of the bank balances, $500,000 was covered by Federal Depository Insurance and the remaining balance of $8,947,998 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, 2015, investments held by the Authority are held in a certificate of deposit totaling $118,898 with a maturity date in excess of one year. This certificate of deposit is classified as an investment on the statement of net position.

Discretely Presented Component Unit

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the deposits of Lewis Court may not be returned. At December 31, 2015, the carrying amount of deposits of Lewis Court totaled $249,899 and bank balances totaled $256,504. At December 31, 2015, all of the bank balances were covered by Federal Depository Insurance.

Note 3 - Restricted Cash

Primary Government

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

Discretely Presented Component Unit

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

Note 4 - Notes Receivable

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

Primary Government

Notes Receivable - Jeffco Housing Corporation:

5.00% note receivable, due in monthly installments of $10,314, including interest, with a maturity date of October 2031, secured by a deed of trust on the Allison Village property	$ 1,340,858
3.75% note receivable, due in monthly installments of $3,609, including interest, with a maturity date of June 2017, interest rate may change to variable rate as described in the note agreement, secured by a deed of trust on the Wheat Ridge Park property	63,267

Notes Receivable - Jeffco Housing Corporation (continued):

5.60% note receivable, due in monthly installments of $2,713, including interest, with a maturity date of July 2021, secured by a deed of trust on the West 46th property	152,802
5.41% note receivable, due in monthly installments of $1,925, including interest, with a maturity date of July 2018, secured by a deed of trust on the West 40th property	56,599
5.48% note receivable, due in monthly installments of $9,067, including interest, with a maturity date of July 2018, secured by a deed of trust on the Orchard Valley property	261,863
4.60% note receivable, due in monthly installments of $11,873, including interest, with a maturity date of November 2023, secured by a deed of trust on the Arvada Cottages property	937,419
4.80% note receivable, due in monthly installments of $10,838, including interest, with a maturity date of June 2019, secured by a deed of trust on the Hilltop Apartments property	415,532
5.25% note receivable, due in monthly installments of $9,766, including interest, with a maturity date of August 2029, secured by a deed of trust on the Parkview West property	1,138,120
Non-interest-bearing note receivable, proceeds previously used to purchase Public Housing, payments due as the properties are sold, with a maturity date of October 2017	247,018
Non-interest-bearing note receivable, no monthly payments due if all loan covenants are met, loan may be forgiven by the Authority at a future date, secured by a deed of trust on the Orchard Valley property	67,331
	4,680,809

Notes Receivable - Lewis Court Apartments LLLP:

8.00% note receivable, due in monthly installments of $2,201, including interest, with a maturity date of August 2043, secured by a deed of trust on the Lewis Court property	212,601
4.19% note receivable, due in annual installments to the extent of available cash flow, with a maturity date of December 2042, secured by a deed of trust on the Lewis Court property	1,100,000
	1,312,601

Notes Receivable - Other

Rehab Program notes receivable - see (A) and (B) below	2,805,184
Less allowance for uncollectible notes receivable	(35,617)
	2,769,567
Total Notes Receivable, net of allowance for uncollectible notes receivable	8,762,977
Less current portion of notes receivable	(592,794)
Total notes receivable, net of current portion	$ 8,170,183

(A) – The Authority has made loans with CDBG and HOME funds to homeowners through its Rehab Program. At December 31, 2015, the balance of notes receivable with deferred payments totaled $2,490,828, and the balance of notes receivable with payments currently due bearing interest at rates ranging from 0% to 5%, totaled $314,356. Due to the nature of the loans and because the Authority's security interest is considered low priority, management has established an allowance for doubtful accounts of $35,617 at December 31, 2015. 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 $363,090 is included as a long term liability at December 31, 2015. This balance will be repaid as the underlying notes receivable are paid in full either through pay down of the notes by the note holders or sale of the underlying properties.

Note 5 - Equity in Joint Venture

The Authority has entered into a joint venture with Metro West Housing Solutions to purchase and rehabilitate two multifamily housing projects, Cedar Gardens Apartments and Cedar Avenue Apartments. Each partner's investment share is an equal 50/50 split. Profits and losses from the projects' operations are divided equally between the partners. HOME funds received by the Authority were used for the acquisition and rehabilitation of the projects and the projects are subject to the various regulations and restrictions of the HOME program. During 2015, the Authority experienced a loss of $26,050 from the joint venture. At December 31, 2015, the Authority's recorded equity in the joint venture totaled $445,967 on the statement of net position.

Note 6 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2015:

Primary Government

	Balance January 1	Additions	Disposals	Balance December 31
Nondepreciable assets				
Land	$ 5,170,945	$ 118,750	$ -	$ 5,289,695
Construction in progress	138,369	332,988	-	471,357
Total capital assets not being depreciated	5,309,314	451,738	-	5,761,052
Depreciable assets				
Buildings and improvements	30,219,326	643,731	(108,113)	30,754,944
Equipment and furniture	3,606,333	363,747	(152,126)	3,817,954
Total buildings and improvements	33,825,659	1,007,478	(260,239)	34,572,898
Accumulated depreciation	(12,660,013)	(1,060,437)	165,780	(13,554,670)
Total capital assets being depreciated	21,165,646	(52,959)	(94,459)	21,018,228
Total capital assets, net	$ 26,474,960	$ 398,779	$ (94,459)	$ 26,779,280

Discretely Presented Component Unit

	Balance January 1	Additions	Disposals	Balance December 31
Nondepreciable assets				
Land	$ 1,105,405	$ -	$ -	$ 1,105,405
Depreciable assets				
Buildings and improvements	9,978,253	-	-	9,978,253
Equipment	226,591	19,202	-	245,793
Total buildings and improvements	10,204,844	19,202	-	10,224,046
Accumulated depreciation	(702,111)	(273,443)	-	(975,554)
Total capital assets being depreciated	9,502,733	(254,241)	-	9,248,492
Total capital assets, net	$ 10,608,138	$ (254,241)	$ -	$ 10,353,897

Note 7 - Long-Term Debt

During the year ended December 31, 2015, the following changes occurred in long-term debt:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	$ 21,173,497	$ 380,000	$ (1,411,295)	$ 20,142,202	$ 1,463,428

Discretely Presented Component Unit

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	$ 2,561,613	$ -	$ (9,012)	$ 2,552,601	$ 9,760

Long-term debt as of December 31, 2015, 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	$ 1,340,858
3.75% note payable, due in monthly installments of $3,609, including interest, with a maturity date of June 2017, interest rate may change to variable rate as described in the note agreement, secured by a deed of trust on the Wheat Ridge Park property	63,267
5.60% note payable, due in monthly installments of $2,713, including interest, with a maturity date of July 2021, secured by a deed of trust on the West 46th property	152,802
5.41% note payable, due in monthly installments of $1,925, including interest, with a maturity date of July 2018, secured by a deed of trust on the West 40th property	56,599
5.48% note payable, due in monthly installments of $9,067, including interest, with a maturity date of July 2018, secured by a deed of trust on the Orchard Valley property	261,863

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	937,419
4.80% note payable, due in monthly installments of $10,838, including interest, with a maturity date of June 2019, secured by a deed of trust on the Hilltop Apartments property	415,532
5.25% note payable, due in monthly installments of $9,766, including interest, with a maturity date of August 2029, secured by a deed of trust on the Parkview West property	1,138,120
Non interest bearing note payable, entire principal balance to be forgiven October 27, 2020 if all low income requirements have been met through maturity, secured by a deed of trust on the Cedars property (Note 14)	280,000
5.13% note payable, due in monthly installments of $4,820, including interest, with a maturity date of December 2021, secured by a deed of trust on the Mountain View property	302,098
4.75% note payable, due in monthly installments of $20,117, including interest, with a maturity date of October 2027, secured by a deed of trust on the Aspen Ridge property	3,249,495
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	1,190,915
3.65% note payable, due in monthly interest-only installments of $8,517, with a maturity date of November 2021, by a deed of trust on the Viking Square property	2,800,000
3.85% note payable, due in monthly installments of $2,285, including interest, with a maturity date of September 2035, secured by a deed of trust on the Harlan Street property	379,024
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	2,807,017

3.75% note payable, due in monthly installments of $21,902, including interest, with a maturity date of August 2017, secured by a deed of trust on the Caesar's Square property	425,017
5.25% note payable, due in monthly installments of $20,346, including interest, with a maturity date of October 2029, by a deed of trust on the Parkview Village property	2,389,787
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	160,617
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	967,381
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	824,391
Total notes and mortgages payable	$ 20,142,202

Discretely Presented Component Unit

Notes Payable

8.00%, note payable to Jefferson County Housing Authority, due in monthly installments of $2,201, including interest, matures August 2043, secured by a deed of trust	$ 212,601
4.19%, note payable to Jefferson County Housing Authority, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust	1,100,000
4.19%, note payable to Jeffco Housing Corporation, due in annual installments to the extent of available cash flow, matures December 2042, secured by a deed of trust	1,240,000
Total notes payable	$ 2,552,601

The estimated debt requirements to maturity for the year ending December 31, 2015, are as follows:

Primary Government

	Principal	Interest	Total
2016	$ 1,463,428	$ 887,433	$ 2,350,861
2017	1,426,289	816,516	2,242,805
2018	1,240,307	750,769	1,991,076
2019	1,152,703	691,303	1,844,006
2020	1,418,870	636,866	2,055,736
2021-2025	7,027,903	2,389,130	9,417,033
2026-2030	5,958,584	616,760	6,575,344
2031-2035	454,118	24,094	478,212
Total	$ 20,142,202	$ 6,812,871	$ 26,955,073

Discretely Presented Component Unit

	Principal	Interest	Total
2016	$ 9,760	$ 16,656	$ 26,416
2017	10,570	15,846	26,416
2018	11,448	14,968	26,416
2019	12,398	14,018	26,416
2020	13,427	12,989	26,416
2021-2025	85,818	46,259	132,077
2026-2030	69,180	8,711	77,891
2031-2035	-	-	-
2036-2040	-	-	-
2041-2045	2,340,000	3,080,256	5,420,256
Total	$ 2,552,601	$ 3,209,703	$ 5,762,304

Note 8 - Compensated Absences

A summary of the activity in the Authority’s compensated absences for the year ended December 31, 2015, is as follows:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated absences	$ 314,475	$ 37,392	$ (5,525)	$ 346,342	$ 90,000

Note 9 - Restricted Net Position

As of December 31, 2015, restricted net position consisted of $93,530 in housing choice vouchers received but not yet paid to eligible individuals.

Note 10 - Annual Contributions Contract

The Authority has an annual contributions contract for housing choice vouchers and adjustments vary based on requirements. The maximum contract was $9,635,000 for the year ended December 31, 2015.

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 2015, the Authority paid $114,007 as a matching contribution.

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

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

Note 12 - Deferred Compensation Plan

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

Note 13 - Public Housing Restricted Fund

In September 2007, the Authority sold sixty-five units of Public Housing to Jeffco Housing Corporation (Corp). A note was accepted as payment for the units. As the Corp sold each unit, net proceeds were transferred to the Authority to be placed in a restricted bank account to be used with HUD's approval. As of December 31, 2015, all units had been sold with the proceeds of the final sale being received in January 2016. The restricted bank account totaled $5,961,788 at December 31, 2015.

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

Note 14 - Related Party Transactions

Management Fees

The Authority has entered into a management agreement with Lewis Court to provide management services for the Lewis Court project. Under the agreement, the Authority is to be paid management fees totaling 5.75% of gross monthly collections. During 2015, Lewis Court incurred management fees of $23,934 to the Authority. At December 31, 2015, Lewis Court owed $1,674 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 2015, Lewis Court incurred bookkeeping fees of $2,400, to the Authority. At December 31, 2015, Lewis Court owed the Authority $2,400, for these fees.

Reimbursement of Expenses

The Authority is periodically reimbursed for payroll and other related expenses of the Lewis Court project. During 2015, the Authority was reimbursed approximately $43,900 from Lewis Court for these expenses.

Notes Payable

Primary Government

At December 31, 2015, the Authority owed $280,000 on a non interest bearing note payable (Note 7) in connection with the Cedars joint venture (Note 5). This note is to be forgiven in 2020 if all income and compliance requirements have been met.

Discretely Presented Component Unit

Lewis Court has entered into two note agreements with the Authority (Notes 4 and 6). During 2015, Lewis Court incurred interest of $55,438 on these notes to the Authority. At December 31, 2015, Lewis Court owed the Authority principal of $1,312,601 and accrued interest of $204,971 on these notes.

Lewis Court has entered into a note agreement with Jeffco Housing Corporation (Jeffco), an affiliate of the general partner of Lewis Court Apartments LLLP (Note 7). During 2015, Lewis Court incurred interest of $51,956 on this note to Jeffco. At December 31, 2015, Lewis Court owed Jeffco principal of $1,240,000 and accrued interest of $229,460 on this note.

Jeffco Housing Corporation

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

Jeffco does not have any employees, so the employees of the Authority handle the day-to-day operations of the Jeffco properties. The Authority has a management agreement with the Jeffco for contracted services for its operations. Under the terms of this agreement, Jeffco contracts for salaries, benefits, maintenance, supplies, etc. For the year ended December 31, 2015, the Authority allocated approximately $176,000 in salaries to Jeffco. During 2015, Jeffco properties incurred management fees of $82,069. As of December 31, 2015, Jeffco owed the Authority $120,830 for incurred but unpaid management fees.

At times throughout the current and prior years, the Authority will cover costs of operations for the Jeffco properties when a particular property's cash is insufficient to make the payment. As of December 31, 2015, the Authority was owed $1,389,898 for these costs.

As of December 31, 2015, the Authority owed Jeffco $167,151.

The Authority borrowed money from a financial institution and in turn loaned those proceeds to Jeffco (see Notes 4 and 7 for details). As of December 31, 2015, Jeffco owes the Authority $4,366,460 under these arrangements. Payments on the related Notes Payable are made directly by Jeffco to the financial institution.

At December 31, 2015, one of Jeffco's properties, Orchard Valley, owed the Authority $67,331 for a non-interest bearing note. The Authority may forgive this loan at a future date.

As discussed in Note 13, Jeffco sold public housing units previously owned by the Authority and transferred net proceeds to the Authority. In 2015, 11 public housing units were sold and net proceeds of $2,419,139 were transferred to the Authority. As of December 31, 2015, $247,018 in net proceeds were payable to the Authority for the sale of the final public housing unit prior to December 31, 2015.

Supplementary Information
December 31, 2015

Jefferson County Housing Authority

	Public and Indian Housing 14.850	Green Ridge Meadows 14.182	Canyon Gate Apartments 14.182	Community Development Block Grants 14.218
Assets				
Cash and cash equivalents	$ -	$ 72,000	$ 94,494	$ -
Restricted cash and cash equivalents	5,961,788	117,363	322,141	-
Investments	-	118,898	-	-
Accounts receivable				
Tenants	-	1,383	-	-
Other	-	-	-	-
Due from Jeffco Corporation	-	-	-	-
Accrued interest receivable - short-term	-	-	-	-
Interprogram receivable	3,021,915	686,080	349,844	-
Prepaid expenses	-	-	-	-
Notes receivable, current portion	-	-	-	-
Total current assets	8,983,703	995,724	766,479	-
Accrued interest receivable - long-term	-	-	-	-
Other assets	-	-	-	-
Notes receivable, net	247,018	-	-	-
Equity in joint venture	-	-	-	-
Non-depreciable capital assets	-	186,047	148,087	-
Depreciable capital assets, net	-	443,645	89,550	-
	247,018	629,692	237,637	-
	$ 9,230,721	$ 1,625,416	$ 1,004,116	$ -
Liabilities and Net Position				
Liabilities				
Accounts payable	$ -	$ 12,958	$ 7,014	$ -
Interprogram payable	-	39,776	4,670	-
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Unearned revenues	-	-	-	-
Tenant security deposits payable	-	27,187	15,748	-
Due to Jeffco Corporation	-	-	-	-
Notes, mortgages and bonds payable - current	-	148,900	126,150	-
Total current liabilities	-	228,821	153,582	-
Noncurrent Liabilities				
Accrued compensated absences	-	-	-	-
Rehab payable	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	-	675,491	841,231	-
Total noncurrent liabilities	-	675,491	841,231	-
Total liabilities	-	904,312	994,813	-
Net Position				
Net investment in capital assets	-	(194,699)	(729,744)	-
Restricted	-	-	-	-
Unrestricted	9,230,721	915,803	739,047	-
Total net position	9,230,721	721,104	9,303	-
	$ 9,230,721	$ 1,625,416	$ 1,004,116	$ -

Home Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Business Activities	Total	Elimination of Intercompany Activity	Total
$ -	$ 1,903	$ 1,136,868	$ 1,305,265	$ -	$ 1,305,265
-	93,530	1,566,530	8,061,352	-	8,061,352
-	-	-	118,898	-	118,898
-	107,594	41,011	149,988	-	149,988
-	-	181,040	181,040	-	181,040
-	-	1,510,728	1,510,728	-	1,510,728
-	-	1,417	1,417	-	1,417
-	-	2,841,321	6,899,160	(6,899,160)	-
-	-	2,400	2,400	-	2,400
-	-	592,794	592,794	-	592,794
-	203,027	7,874,109	18,823,042	(6,899,160)	11,923,882
-	-	203,554	203,554	-	203,554
-	-	11,712	11,712	-	11,712
-	-	7,923,165	8,170,183	-	8,170,183
-	-	445,967	445,967	-	445,967
-	-	5,426,918	5,761,052	-	5,761,052
-	39,746	20,445,287	21,018,228	-	21,018,228
-	39,746	34,456,603	35,610,696	-	35,610,696
$ -	$ 242,773	$ 42,330,712	$ 54,433,738	$ (6,899,160)	$ 47,534,578
$ -	$ -	$ 380,527	$ 400,499	$ -	$ 400,499
-	24,476	6,830,238	6,899,160	(6,899,160)	-
-	-	4,078	4,078	-	4,078
-	-	90,000	90,000	-	90,000
-	-	2,522	2,522	-	2,522
-	-	183,302	226,237	-	226,237
-	-	167,151	167,151	-	167,151
-	-	1,188,378	1,463,428	-	1,463,428
-	24,476	8,846,196	9,253,075	(6,899,160)	2,353,915
-	-	256,342	256,342	-	256,342
-	-	363,090	363,090	-	363,090
-	-	17,162,052	18,678,774	-	18,678,774
-	-	17,781,484	19,298,206	-	19,298,206
-	24,476	26,627,680	28,551,281	(6,899,160)	21,652,121
-	39,746	7,521,775	6,637,078	-	6,637,078
-	93,530	-	93,530	-	93,530
-	85,021	8,181,257	19,151,849	-	19,151,849
-	218,297	15,703,032	25,882,457	-	25,882,457
$ -	$ 242,773	$ 42,330,712	$ 54,433,738	$ (6,899,160)	$ 47,534,578

	Public and Indian Housing 14.850	Green Ridge Meadows 14.182	Canyon Gate Apartments 14.182	Community Development Block Grants 14.218
Operating Revenues				
HUD PHA grants	$ -	$ 364,022	$ 369,610	$ -
HAP income	-	-	-	-
Other grants	-	-	-	139,447
Rental income	-	313,423	187,138	-
Management fees	-	-	-	-
Other	-	12,663	4,977	-
Total Operating Revenues	-	690,108	561,725	139,447
Operating Expenses				
Housing assistance payments	-	-	-	-
Administrative salaries and benefits	-	93,617	85,532	-
Maintenance salaries and benefits	-	28,222	21,436	66,805
Regular and extraordinary maintenance	-	149,028	113,655	25,533
Other administrative	-	72,121	51,864	47,109
Depreciation	-	100,004	22,147	-
Utilities	-	71,706	42,605	-
Insurance	-	7,856	9,912	-
Other	-	2,026	158	-
Total Operating Expenses	-	524,580	347,309	139,447
Operating Income	-	165,528	214,416	-
Non-Operating Revenues (Expenses)				
Interest income	5,872	399	479	-
Net income (loss) from joint ventures	-	-	-	-
Gain (loss) on sale of capital assets	549,156	-	-	-
Interest expense	-	(46,863)	(59,157)	-
Total Non-Operating Revenues (Expenses)	555,028	(46,464)	(58,678)	-
Change in Net Position	555,028	119,064	155,738	-
Net Position, Beginning of Year	8,675,693	602,040	(146,435)	-
Net Position, End of Year	$ 9,230,721	$ 721,104	$ 9,303	$ -

Jefferson County Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2015

Home Investment Partnerships Program 14.239	Housing Choice Vouchers 14.871	Business Activities	Total	Elimination of Intercompany Activity	Total
$ -	$ 984,161	$ -	$ 1,717,793	$ -	$ 1,717,793
-	10,292,617	-	10,292,617	-	10,292,617
56,290	-	-	195,737	-	195,737
-	-	5,110,600	5,611,161	-	5,611,161
-	-	427,785	427,785	(289,955)	137,830
-	10,631	489,078	517,349	-	517,349
56,290	11,287,409	6,027,463	18,762,442	(289,955)	18,472,487
-	10,379,534	-	10,379,534	-	10,379,534
-	505,019	712,501	1,396,669	-	1,396,669
-	146,571	744,659	1,007,693	-	1,007,693
56,290	-	824,060	1,168,566	-	1,168,566
-	147,374	784,332	1,102,800	(289,955)	812,845
-	6,052	963,162	1,091,365	-	1,091,365
-	-	560,590	674,901	-	674,901
-	10,125	170,930	198,823	-	198,823
-	4,885	61,752	68,821	-	68,821
56,290	11,199,560	4,821,986	17,089,172	(289,955)	16,799,217
-	87,849	1,205,477	1,673,270	-	1,673,270
-	250	66,617	73,617	-	73,617
-	-	(26,050)	(26,050)	-	(26,050)
-	-	(22,666)	526,490	-	526,490
-	-	(614,514)	(720,534)	-	(720,534)
-	250	(596,613)	(146,477)	-	(146,477)
-	88,099	608,864	1,526,793	-	1,526,793
-	130,198	15,094,168	24,355,664	-	24,355,664
$ -	$ 218,297	$ 15,703,032	$ 25,882,457	$ -	$ 25,882,457

	General Fund	Mountain View	Aspen Ridge	Redwood Village	Viking Square Apartments
Assets					
Cash and cash equivalents	$ 544,140	$ 81,667	$ 106,937	$ 38,026	$ 39,975
Restricted cash and cash equivalents	-	39,820	188,630	101,780	83,079
Accounts receivable					
Tenants	-	912	10,267	6,190	-
Other	172,128	-	-	-	-
Due from Jeffco Corporation	1,306,354	-	-	-	-
Accrued interest receivable - short-term	1,417	-	-	-	-
Interprogram receivable	2,752,833	-	67,998	-	-
Prepaid expenses	-	-	-	-	-
Notes receivable, current portion	592,794	-	-	-	-
	5,369,666	122,399	373,832	145,996	123,054
Accrued interest receivable - long-term	203,554	-	-	-	-
Other assets	-	-	-	-	-
Notes receivable, net	5,153,598	-	-	-	-
Equity in joint venture	445,967	-	-	-	-
Non-depreciable capital assets	1,014,340	110,500	955,000	331,463	620,000
Depreciable capital assets, net	1,094,239	590,902	3,519,805	1,331,467	2,428,125
	7,911,698	701,402	4,474,805	1,662,930	3,048,125
	$ 13,281,364	$ 823,801	$ 4,848,637	$ 1,808,926	$ 3,171,179
Liabilities and Net Position					
Liabilities					
Accounts payable	$ 281,641	$ -	$ 9,449	$ 6,486	$ 1,660
Interprogram payable	4,146,328	342,793	9,127	75,301	11,929
Accrued liabilities	4,078	-	-	-	-
Accrued compensated absences-current	90,000	-	-	-	-
Unearned revenues	-	-	-	-	-
Tenant security deposits payable	-	2,622	29,404	15,794	15,200
Due to Jeffco Corporation	167,151	-	-	-	-
Notes, mortgages and bonds payable - current	515,703	43,276	89,704	32,876	-
Total current liabilities	5,204,901	388,691	137,684	130,457	28,789
Noncurrent Liabilities					
Accrued compensated absences	254,845	-	-	-	-
Rehab payable	-	-	-	-	-
Notes, mortgages and bonds payable - net of current portion	4,130,757	258,822	3,159,791	1,158,039	2,800,000
Total noncurrent liabilities	4,385,602	258,822	3,159,791	1,158,039	2,800,000
Total liabilities	9,590,503	647,513	3,297,475	1,288,496	2,828,789
Net Position					
Net investment in capital assets	(2,537,881)	399,304	1,225,310	472,015	248,125
Unrestricted	6,228,742	(223,016)	325,852	48,415	94,265
Total net position	3,690,861	176,288	1,551,162	520,430	342,390
	$ 13,281,364	$ 823,801	$ 4,848,637	$ 1,808,926	$ 3,171,179

Harlan Street Apartments	Kendall Apartments	Rehab	Glendale	Caesar's Square	Parkview	Total Business Activities
$ 18,698	$ 101,775	$ -	$ 48,305	$ 56,567	$ 100,778	$ 1,136,868
2,000	38,820	483,297	258,059	199,292	171,753	1,566,530
-	832	-	16,057	4,911	1,842	41,011
-	-	-	-	6,514	2,398	181,040
-	-	-	-	-	204,374	1,510,728
-	-	-	-	-	-	1,417
-	-	-	-	-	20,490	2,841,321
-	-	-	-	-	2,400	2,400
-	-	-	-	-	-	592,794
20,698	141,427	483,297	322,421	267,284	504,035	7,874,109
-	-	-	-	-	-	203,554
-	-	-	11,712	-	-	11,712
-	-	2,769,567	-	-	-	7,923,165
-	-	-	-	-	-	445,967
118,750	268,368	-	1,200,000	344,596	463,901	5,426,918
359,338	818,750	974	5,204,260	2,177,235	2,920,192	20,445,287
478,088	1,087,118	2,770,541	6,415,972	2,521,831	3,384,093	34,456,603
$ 498,786	$ 1,228,545	$ 3,253,838	$ 6,738,393	$ 2,789,115	$ 3,888,128	$ 42,330,712
$ -	$ -	$ 8,426	$ 36,776	$ 8,902	$ 27,187	$ 380,527
133,051	17,572	533,358	353,433	729,361	477,985	6,830,238
-	-	-	-	-	-	4,078
-	-	-	-	-	-	90,000
-	-	-	-	-	2,522	2,522
325	4,950	-	28,693	61,598	24,716	183,302
-	-	-	-	-	-	167,151
12,892	-	-	120,094	251,209	122,624	1,188,378
146,268	22,522	541,784	538,996	1,051,070	655,034	8,846,196
-	-	-	-	-	1,497	256,342
-	-	363,090	-	-	-	363,090
366,132	-	-	2,686,923	173,808	2,427,780	17,162,052
366,132	-	363,090	2,686,923	173,808	2,429,277	17,781,484
512,400	22,522	904,874	3,225,919	1,224,878	3,084,311	26,627,680
99,064	1,087,118	974	3,597,243	2,096,814	833,689	7,521,775
(112,678)	118,905	2,347,990	(84,769)	(532,577)	(29,872)	8,181,257
(13,614)	1,206,023	2,348,964	3,512,474	1,564,237	803,817	15,703,032
$ 498,786	$ 1,228,545	$ 3,253,838	$ 6,738,393	$ 2,789,115	$ 3,888,128	$ 42,330,712

	General Fund	Mountain View	Aspen Ridge	Redwood Village	Viking Square Apartments
Operating Revenues					
Rental income	$ -	$ 99,386	$ 1,038,866	$ 404,529	$ 504,413
Management fees	427,785	-	-	-	-
Other	48,465	3,490	21,115	16,854	16,405
Total operating revenues	476,250	102,876	1,059,981	421,383	520,818
Operating Expenses					
Administrative salaries and benefits	265,636	15	92,390	45,319	6,446
Maintenance salaries and benefits	76,852	3,328	106,238	71,765	48,128
Regular and extraordinary maintenance	59,629	15,727	136,209	40,737	54,999
Other administrative	279,065	7,496	87,991	35,168	36,432
Depreciation	45,838	27,667	144,258	58,853	86,924
Utilities	9,646	5,620	91,789	34,282	35,659
Insurance	17,110	13,698	29,722	14,224	11,925
Other	-	-	20,203	4,397	13,262
Total operating expenses	753,776	73,551	708,800	304,745	293,775
Operating Income (Loss)	(277,526)	29,325	351,181	116,638	227,043
Non-Operating Revenues (Expenses)					
Interest income	55,488	9	169	57	28
Net income (loss) from joint ventures	(26,050)	-	-	-	-
Gain (loss) on sale of capital assets	-	(21)	(4,145)	(9,849)	(1,861)
Interest expense	-	(16,056)	(155,337)	(56,930)	(102,388)
Total Non-Operating Revenues (expenses)	29,438	(16,068)	(159,313)	(66,722)	(104,221)
Change in Net Position	(248,088)	13,257	191,868	49,916	122,822
Net Position, Beginning of Year	3,938,949	163,031	1,359,294	470,514	219,568
Net Position, End of Year	$ 3,690,861	$ 176,288	$ 1,551,162	$ 520,430	$ 342,390

Harlan Street Apartments	Kendall Apartments	Rehab	Glendale	Caesar's Square	Parkview	Total Business Activities
$ 16,416	$ 147,690	$ -	$ 1,094,880	$ 927,225	$ 877,195	$ 5,110,600
-	-	-	-	-	-	427,785
-	5,175	230,791	51,348	42,189	53,246	489,078
16,416	152,865	230,791	1,146,228	969,414	930,441	6,027,463
-	4,972	109,916	77,607	59,913	50,287	712,501
-	7,673	111,475	122,559	94,231	102,410	744,659
8,586	26,351	-	196,751	134,895	150,176	824,060
14,320	9,599	29,212	90,554	71,342	123,153	784,332
3,162	47,026	557	253,112	132,717	163,048	963,162
709	9,499	-	221,250	82,426	69,710	560,590
614	3,201	2,170	35,071	19,680	23,515	170,930
-	-	-	10,720	5,534	7,636	61,752
27,391	108,321	253,330	1,007,624	600,738	689,935	4,821,986
(10,975)	44,544	(22,539)	138,604	368,676	240,506	1,205,477
-	22	10,284	239	182	139	66,617
-	-	-	-	-	-	(26,050)
-	(268)	-	(744)	(5,778)	-	(22,666)
(2,639)	-	-	(130,221)	(20,843)	(130,100)	(614,514)
(2,639)	(246)	10,284	(130,726)	(26,439)	(129,961)	(596,613)
(13,614)	44,298	(12,255)	7,878	342,237	110,545	608,864
-	1,161,725	2,361,219	3,504,596	1,222,000	693,272	15,094,168
$ (13,614)	$ 1,206,023	$ 2,348,964	$ 3,512,474	$ 1,564,237	$ 803,817	$ 15,703,032

Federal Agency/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs			
Section 8 Housing Choice Vouchers	14.871		$ 11,199,560
Section 8 New Construction and Substantial Rehabilitation - CO99H001072	14.182		364,022
Section 8 New Construction and Substantial Rehabilitation - CO99H001101	14.182		369,610
Total 14.182			733,632
Total Direct Programs			11,933,192
Passed Through City of Lakewood			
Community Development Block Grants	14.218		101,365
Passed Through Jefferson County			
Community Development Block Grants	14.218		38,082
Total 14.218			139,447
Passed Through Jefferson County			
Home Investment Partnerships Program	14.239		56,290
Total U.S. Department of Housing and Urban Development			12,128,929
Total Federal Expenditures			$ 12,128,929

Note 1 - Basis of Presentation

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

Note 2 - Significant Accounting Policies

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

The Authority has not elected to use the 10% de minimis cost rate.

CPAs & BUSINESS ADVISORS

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*

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 unit of Jefferson County Housing Authority (Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 8, 2016.

Internal Control over Financial Reporting

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

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

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

Eide Bailly LLP
Boise, Idaho
May 24, 2016

Independent Auditor's Report on Compliance for Each Major Federal Program and 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 the Authority's major federal program for the year ended December 31, 2015. The Authority's major federal program is 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

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

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

Opinion on Each Major Federal Program
In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2015.

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Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

Eide Bailly LLP

Boise, Idaho
May 24, 2016

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:

Name of Federal Program	CFDA Number
Section 8 Housing Choice Vouchers	14.871

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

None