

Notes

Grand Junction Housing Authority  
**June Finance/Audit Committee Meeting**  
In person or virtual via link

**June 29, 2021 11:30 am**  
**Virtual Meeting via Microsoft Teams**

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1. **Call to Order and Roll Call:** The GJHA Finance and Audit Committee Meeting was called to order at 11:33am by Tami Beard, Committee Chair. Attendance was taken by roll call with the following present:

Board of Commissioners

Tami Beard, Committee Chair  
Chris Launer  
Chuck McDaniel  
Bill Johnson

GJHA Staff

Jody Kole, CEO  
Scott Aker, COO  
Lance Lehigh, CFO  
Danette Buck, Asset Manager  
Sheila Brubacher, Accounting Supervisor  
Lacy Hildebrand, Executive Assistant

Guest

Rich Larsen, Novogradac and Company, Partner

2. **Interim Financial Update**

Lance presented the interim financial report through May. The Finance and Business Support Team is currently working on budgets, a compensation plan and review, and CARES Act funding for a new phone system and A/V system for the conference rooms to provide better access for in-house and virtual meetings.

Operating cash flows for the properties remain positive for the properties through May except for Lincoln and Highlands 2, based on the timing of the remediation and reconstruction for Lincoln and operational costs for Highlands 2. Arbor Vista continues to demonstrate positive cash growth and is nearing benchmark balances. Village Park has continued to grow cash and operational stability and surpass benchmarks, even though past due rents remain a priority. Highlands continues to reclaim cash balances resulting from final payment of developer fees in the 1<sup>st</sup> quarter. Highlands 2 continues operational stability. For the July committee and board meetings budget revisions for 2021 will be presented.

The final audit is anticipated to be ready for the July 6<sup>th</sup> Board meeting, when approval of the 2022 audit will be requested from the Board.

3. **Rent Stress Analysis due to COVID-19**

As of May 31, 2021 all properties remain well above the break-even tolerance in terms of percentage and monetary floors. Ratekin Towers is still in a negative cash

position and continues to generate positive NOI, cash flow, and debt service. The Highlands 2 year-to-date has negative cash flow due to overhead costs, but is also generating positive NOI and stable debt service. Vacancy rates remain stable at all locations. Lincoln has negative cash flow year-to-date due to remediation expenses but maintains high cash balance and no debt service. Everyone is well above the benchmark of 1.15% for debt service coverage.

**4. Audit of 2020 Financial Statements**

Rich Larsen, with Novogradac, presented the 2020 Draft Audited Financial Statements for GJHA and briefly took the committee through the three audit reports and financial statements. An unmodified opinion from Novogradac results in the audited financial statements being accepted as a whole, which is the highest level of assurance they can give GJHA. GJHA will receive an unmodified opinion for the 2020 audit. The second audit report is to meet Government Auditing standards. GJHA has been following all standards. The Auditor's responsibility is to express an opinion on compliance for each of the Authority's major federal programs. There are no findings and for this portion GJHA will receive an unmodified opinion. The Uniform Guidance component resulted in no findings and an unmodified opinion. Novogradac's analysis of GJHA internal controls and compliance did not identify any issues or deficiencies.

Mr. Larsen shared with the Committee that GJHA has strong financial statements for a housing authority. GJHA had a very successful year overall. Board member Chuck McDaniel asked if there was a management letter. Rich responded that no, management letters are requested by HUD, so they generally do not provide a letter to reduce confusion. GJHA is very diversified in its revenue sources, which is a strength for the organization. Mr. Larsen was very complimentary of the organization and GJHA Team. Committee member Chris Launer asked when auditing for internal controls, are they not auditing for fraud controls? Mr. Larsen responded that they are not auditing for fraud but are making sure GJHA is following their internal procedures. If Novogradac found fraud, they would report it right away.

Lance asked where we are with our contract for auditing services. GJHA and Novogradac are in the 3rd year of the current contract, and staff need to discuss options with the board regarding the next contract.

Lance and the Board expressed their appreciation to the entire team that has helped with this year's audit.

**5. Other Business: None**

- 6.** With a Motion by Bill Johnson and 2<sup>nd</sup> by Chris Launer the meeting adjourned at 12:27pm.