



A G E N D A
August 26, 2014

CITY COUNCIL CHAMBERS
4:00 P.M.

Individuals with disabilities are encouraged to participate in all public meetings sponsored by the City of Wheat Ridge. Call Heather Geyer, Public Information Officer at 303-235-2826 at least one week in advance of a meeting if you are interested in participating and need inclusion assistance.

- A. Call Meeting to Order**
- B. Roll Call**
- C. Approval of Minutes: July 22, 2014**
- D. Officers Reports**
- E. Public Forum**
- F. New Business**
- G. Old Business**
 - 1. Update on Single Family Homes Rehab and Sales**
 - A. Budget Memo**
 - 2. Fruitdale School**
- H. Other**
 - A. 2013 Audit**
- I. Adjournment**



**Minutes of Meeting
July 22, 2014**

A. CALL THE MEETING TO ORDER

The meeting was called to order at 4:02 p.m. by Chair Thompson in the City Council Chambers of the Municipal Building, 7500 West 29th Avenue, Wheat Ridge, Colorado.

B. ROLL CALL OF MEMBERS

Authority Members Present: Thomas Abbott
Tracy Langworthy
Janice Thompson
Jennifer Walter

Authority Members Absent: Chad Harr

Also Present: Lauren Mikulak, Senior Planner
Kenneth Johnstone, Director of Community
Development
Larry Nelson, Cornerstone Realty
Betty Maybin, Cornerstone Realty
Kim Waggoner, Recording Secretary

All attendees introduced themselves.

C. APPROVAL OF MINUTES: April 22, 2014

It was moved by Ms. Walter and seconded by Ms. Langworthy to approve the minutes of April 22, 2014 as written. Motion carried 4-0.

D. OFFICERS REPORTS

There were no officers' reports.

E. PUBLIC FORUM

No members of the public were present to address the Authority at this time.

F. NEW BUSINESS

G. OLD BUSINESS

1. Update on Single Family Homes Rehab and Sales

Mr. Nelson stated the rehabilitation at the Otis Street property is complete. He asked the Board if they were interested in spending \$2100 to clean up overgrown landscaping and \$500 to add a garage door opener. He stated neither was required but the tree limbs could be a safety issue. Ms. Mikulak stated the Authority may need to cover the costs for these items as the county may not approve additional funding.

He stated the home will be listed at \$220,000 for affordability and the county approved it to be sold to a non-first time home buyer but the buyer cannot be multi-property owner.

Ms. Langworthy stated she is ok with the expenses for the landscaping but not the garage door opener.

There was some discussion about the purchase prices, rehabilitation costs and budget for Otis Street and 44th Place.

It was moved by Ms. Langworthy and seconded by Ms. Walter to spend \$2100 for the landscaping from the Authority's funds. Motion approved 4-0.

It was moved by Ms. Walter and seconded by Ms. Langworthy to list the property at 3475 Otis Street at \$220,000. Motion approved 4-0.

Mr. Nelson stated acquisition of 44th Place is complete and rehabilitation estimates can be reviewed next month.

2. Fruitdale School RFI

Mr. Johnstone stated there were two responses to the RFI. The interested parties are a Waldorf inspired charter school affiliated with the Mountain Phoenix school (PreK-8 campus) at I-70 S Frontage Road and Miller Street and a Cultural Education Facility sponsored by a group of people interested in providing cultural facilities with a strong interest in preserving the Fruitdale School. The proposals were reviewed against the review criteria in the RFI. Based on the analysis, staff feels the Waldorf inspired Charter School is a stronger proposer as they have a financial plan, equity funding sources, expansion plans and a relationship with Jefferson County School District as an existing charter school. There are grant possibilities with the Temple Buell Foundation and the

Rudolph Steiner Foundation which funds capital construction for Waldorf Schools. The proposal also satisfies the Reverter Clause.

He stated both groups have demonstrated a commitment to preserve the building.

He stated the Housing Authority has invested \$285,000 in Fruitdale School. It will be unlikely to recoup the investment and/or profit from it as neither group proposed to pay the Housing Authority for the building.

He reviewed three options for moving forward which were outlined in the memorandum. He stated staff has some suggested conditions is the Housing Authority moves forward with option 1, selling Fruitdale to the proposed charter school.

Chair Thompson stated the care taker house is not part of the historical site and any prospective buyer should have the right to do with it as they see fit. Mr. Johnstone agreed.

Mr. Thomas asked how much money was invested by the City of Wheat Ridge. Mr. Johnstone stated all the funding (\$285,000) came from the Wheat Ridge Housing Authority. The City has not invested any money other than staff time.

Ms. Walter asked if the charter school has been approved by Jefferson County. Mr. Johnstone stated he didn't believe it had been. They are still in the process of assembling the charter.

Mr. Abbott suggested creating language for a condition to revert the property back to the Authority if the charter school fails to rehab and reuse the Fruitdale building. Mr. Johnstone stated he has not done so yet but he will work on some language in the event of non-performance within a reasonable period of time.

There was some discussion about restriction number two in the suggestion motion regarding limitations that the historic qualities of the exterior of the building be preserved and maintained.

Ms. Langworthy stated the charter school has an aggressive schedule and she has a lot of questions about it. There were three people from the charter school in the audience.

Chair Thompson stated she understands that both groups were told they would not be making any presentations to the Authority at this time and there were no representatives from the Cultural Education Facility in attendance. She stated the Authority is to make a motion for the group that is most viable proposer. Mr. Johnstone confirmed that both groups were made aware of the public meeting but were told they would not be presenting. After discussion, Chair Thompson decided it was not appropriate to ask questions of the charter school representatives at this time.

Ms. Walter agreed and stated it was reasonable to have staff move forward in negotiations with the charter school.

Ms. Langworthy concurred and stated she may forward some questions for Mr. Johnstone to ask the charter school.

Mr. Abbott reviewed the evaluation criteria and identified the charter school as the most viable proposal. There was some discussion about the criteria and the proposers' abilities and needs.

Ms. Walter observed that the charter school has experience executing similar projects with restoring a 1939 school building and reusing it for another school. There are indicators of demand for a charter high school and letters of intent will be submitted with the charter application.

Mr. Abbott stated from an economic development perspective the charter school is a stronger candidate for creating an avenue of economic development in the neighborhood.

Ms. Langworthy stated a high school makes sense with the proximity of the elementary school.

Chair Thompson stated she sees a lot of positive things in the Charter School proposal.

Chair Thompson asked the members if they were comfortable with charging them \$1.00. Mr. Abbott proposed \$50,000. There was some discussion of the Authority's funds that have been spent over the last several years in association with the market study, roof replacement, and stabilization of the building.

The proposed motion was discussed including the purchase price and closing costs incurred by the Wheat Ridge Housing Authority and the restrictions.

Ms. Langworthy stated the economic benefit and stability the charter school could bring to 44th Avenue has more value than trying to recoup the money the Authority spent on the building.

Ms. Walter stated she didn't want the purchase price to be a deal breaker. She asked if there are other ways to recoup some of the Authority's investment.

Chair Thompson stated the RFI asked for a proposal and in return we could get a stable school that has proven their track record and can benefit the community and if they outgrow the building they will continue to utilize the building with an educational purpose.

Mr. Abbott agreed and proposed that the Authority's funds may be recouped in kind if the community can benefit from use of the building or art classes as was stated in the proposal.

It was moved by Mr. Abbott and seconded by Ms. Langworthy to direct staff to negotiate a purchase contract with the Fruitdale Preservation Foundation for the sale of the Fruitdale School for a purchase price of \$1.00 and further to limit closing costs incurred by the Wheat Ridge Housing Authority.

Furthermore, to direct staff to include provisions in the purchase contract that would place restrictions on the property in perpetuity, to do the following:

- 1. Maintain the word Fruitdale in some form in the name of the proposed school; and**
- 2. Require, with limitations that the historic qualities of the exterior of the principal building be preserved and maintained.**
- 3. Establish certain reasonable timeframes for performance; which if not met would require deeding the property back to the Wheat Ridge Housing Authority.**

Mr. Abbott stated he would like to see some preservation of the interior of the building. Mr. Johnstone stated there has been extensive damage to the building. Because public schools are not subject to local building codes, the City will not be inspecting the building and will have little jurisdiction over the interior remodel; the state will be completing building inspections. Mr. Abbott understood and accepted that the interior was not required to be preserved.

Ms. Walter stated it has never been a financial decision to purchase Fruitdale; it's been policy decision to save the building. She is comfortable with the third condition of the motion as it will aid in protecting the policy decision. If something happens that prevents the charter school from completing their project, the building will revert back to the Authority and the building will be preserved.

Motion approved 4-0.

H. OTHER

Ms. Mikulak introduced herself as the new staff liaison for the Housing Authority.

I. ADJOURNMENT

It was moved by Ms. Langworthy and seconded by Ms. Walter to adjourn the meeting at 5:46 p.m. Motion carried 4-0.

Next meeting will be August 26.

Janice Thompson, Chair

Kim Waggoner, Recording Secretary



To: Chair and Members of Wheat Ridge Housing Authority

From: Lauren Mikulak, AICP, Senior Planner

Subject: 6605 W. 44th Place Scope of Work and Rehab Budget Update

Date: August 21, 2014 (for August 26 WRHA meeting)

Background:

The purpose of this memo is to provide an update regarding the budget associated with the acquisition and rehabilitation of the two single family homes purchased with CDBG program income funds.

In 2010, the Wheat Ridge Housing Authority was allocated \$900,000 in Community Development Block Grant (CDBG) funds from Jefferson County. These were used to purchase and rehabilitate seven (7) single family homes. The homes were sold to low to moderate income homebuyers, and the proceeds from each sale were recycled into the rehabilitation of the next home.

In 2013, the Housing Authority entered into a new contract with Jefferson County allowing the program income from the 2010 CDBG funds to be reused again for the purpose of acquiring and rehabilitating two (2) additional homes. The amount of funds provided for each home was \$239,956 for a total budget of \$479,892.

Budget Update:

Attachment 1 provides an update of the expenditures associated with the two single family homes. The rehabilitation of Otis Street and the acquisition of W. 44th Place were both over budget. The County is aware of this, and has asked that the remaining funds be spent prudently. After the sale of the homes, all program income will be returned to Jefferson County. Any additional net loss may need to be paid out of the WHRA operating expenses, which was understood at the time of the acquisitions.

6605 W. 44th Place:

On July 8, 2014, the WRHA purchased a single family home at 6605 W. 44th Place. The home is just under 1100 square feet with two bedrooms, 1 bathroom, and a detached garage and carport.

We have been advised by the County to use the proceeds from the sale of the Otis Street property to pay for the rehabilitation of the home on W. 44th Place. For this reason, rehabilitation work has not yet commenced on the second house.

Attachment 2 includes the proposed scope of work, prepared by Henry Wehrdt, JCHA Construction Manager. The estimated rehabilitation budget is \$38,025. As noted above, the Housing Authority may have to pay some portion of the overage out of operating expenses, so please review this scope of work scrupulously in preparation for the meeting on August 26. After the scope is approved Henry will solicit bids.

Attachment 1 – CDBG Program Income Update

Estimated costs are shown in *italics*. Closing costs and title and settlement fees are not accounted for.

3475 Otis Street	Spent	Budget per house	Balance
Acquisition	181,707.84	197,000.00	15,292.16
Maintenance (utilities, mowing, etc)	323.89	550.00	226.11
Rehab (\$52,197 original estimate)	54,047.00	30,000.00	(24,047.00)
Construction Management (5% of rehab cost)	2,589.00	1,500.00	(1,089.00)
Realtor Commission (4.8% of \$220K sale)	10,560.00	10,896.00	336.00
	\$ 249,227.73	\$ 239,946.00	\$ (9,281.73)

6605 W. 44 th Place	Spent/Estimate	Budget per house	Balance
Acquisition	217,882.84	197,000.00	(20,882.84)
Maintenance (utilities, mowing, etc)	400.00	550.00	150.00
Rehab (\$52,197 original estimate)	38,025.00	30,000.00	(8,025.00)
Construction Management (5% of rehab cost)	1,901.25	1,500.00	(401.25)
Realtor Commission (4.8% of est\$220K sale)	10,560.00	10,896.00	336.00
	\$ 268,769.09	\$ 239,946.00	\$ (28,823.09)

OVERALL BUDGET	Spent/Estimate	Budget	Est Balance
Acquisition	399,590.68	394,000.00	(5,590.68)
Maintenance	723.89	1,100.00	376.11
Rehab	92,072.00	60,000.00	(32,072.00)
Construction Management	4,490.25	3,000.00	(1,490.25)
Realtor	21,120.00	21,792.00	672.00
	\$ 517,996.82	\$ 479,892.00	\$ (38,104.82)

NET LOSS	Otis	44th	Total
Estimated Resale	220,000.00	220,000.00	430,000.00
Project Budget	239,946.00	239,946.00	479,892.00
Assumed Net (loss was expected)	(19,946.00)	(19,946.00)	(49,892.00)
Actual/Estimated Project Costs	249,227.73	268,769.09	517,996.82
Estimated Net	(29,227.73)	(48,769.09)	(87,996.82)
Additional loss because of actual spending (WRHA may be accountable for all or a portion of overage—TBD by County after project completion)	(9,281.73)	(28,823.09)	(38,104.82)

**JEFFERSON COUNTY HOUSING AUTHORITY
Wheat Ridge Housing Authority**

Attachment 2

COST ESTIMATE REPORT

File Number

Project Address

WRHA
6605 W. 44th Place
Wheat Ridge, CO 80033

By

Estimate: \$ 38,025.00

Cost Estimate Report

Item	Specification	Quantity/Unit	Total Cost
1	Entry Door: Remove existing and provide and install 1 new 36" front door arched lite at top) pre-hung, primed, insulated, 1 3/4" thick, raised panel steel. Include deadbolt lock set, adjustable threshold, trim and site paint after installation. Owner to select color and style.	1.00 EA	\$ 850.00
2	<u>Rear Entry Door (1)</u> : Remove existing, and provide and install new 32" rear door w/1/2 lite, pre-hung, primed, insulated, 1 3/4" thick, raised panel steel. Include deadbolt lock set, adjustable threshold, trim and site paint after installation. Owner to select color.	1.00 EA	\$ 650.00
3	<u>Add New Storm Doors (2)</u> : Provide and install new (1@36", 1@32") storm doors for the new front and rear entry doors, pre-finished WHITE in color, solid core, vinyl clad, in metal frame, self-storing w/ screen, lockable latch.	2.00 EA	\$ 600.00
4	<u>Garage Door (16')</u> : Remove the existing overhead garage door and track, replace with new 7'x16' insulated steel sectional garage door with new track, trim and hardware, pre-finished or primed and painted as per Owner., and provide and install new garage door opener (1/2HP w/ receiver and one transmitter, automatic light, built-in time delay, and safety stop).	1.00 EA	\$ 1,500.00
5	<u>New Windows (4)</u> : Provide and install 2 new replacement windows-west side of the addition, sized to existing openings. Provide and install 2 windows on the south facing addition and living room windows. New windows shall be pre-finished, vinyl, min. 2 1/8" frame, double glazed, low-e glass, residential windows with screens (manufacturers: Cascade, Custom Gard II, 6500 Series, Xact, Alside or a rehab specialist approved equal--submit specs to the rehab specialist). <u>New windows shall have the required U-factor (0.30) to qualify the Owner for a rebate, if eligible.</u> New windows shall have releases to lift out for easy cleaning. All windows are to be installed according to the manufacturer's recommendations; insulated and caulked around the openings, adjusted and lubricated. Removal of security bars on west side to be included.	4.00 EA	\$ 2,000.00
6	<u>Exterior Siding (clean) and Paint Ext</u> : Power wash the exterior aluminum siding and prepare and paint all exterior trim on house/garage and storage shed. Clean gutters and downspouts on house and garage.	1.00 ea	\$ 800.00
7	Sprinkler System: Verify operation, clock, coverage and operation of existing controls/zones on the existing sprinkler system, and tune up the system for proper operation.	1.00 ea	\$ 200.00
8	<u>Electrical Repairs</u> : Retain the existing service panel but check all circuits including garage for allowable loads, add circuits if needed. Repair any loose wiring. Ground all outlets and change out duplexes, switches and covers. Add GFI receptacles in kitchen, bath and laundry areas to code. Add additional receptacles where needed to comply with code.	1.00 ea	\$ 1,200.00
9	<u>Exterior work</u> : The fiberglass cover on the carport and on the patio cover is to be removed and replaced with a heavy duty fiberglass panels and finished off equivalent to existing.	2.00 ea	\$ 1,600.00
10	<u>Tree/bush Trimming</u> : Trim trees in back and front yard from roof of house and garage, trim and shape bushes throughout property. Properly dispose of all debris.	1.00 ea	\$ 700.00

Cost Estimate Report

Item	Specification	Quantity/Unit	Total Cost
11	<u>Exterior faucets</u> : Add new frost resistance valves/faucets for the two exterior sill cocks.	2.00 EA	\$ <u>300.00</u>
12	<u>Replace Water Supply Lines (PEX)</u> : Replace the existing galvanized water lines with new cross-linked polyethylene (PEX) piping from the water main to all existing fixtures. Check water pressure at main and include new water main and fixture shut-off valves.	1.00 ea	\$ <u>1,000.00</u>
13	<u>Clear Sewer Line/Jetted</u> : Run power jetted equipment to clean out sewer line to clear blockage from the house to the main line in the street. Run video camera to check for breaks or collapses in main line, if needed.	1.00 wa	\$ <u>600.00</u>
14	<u>Washer Hook-up</u> : Redo plumbing waste line and water lines to the new washer location and provide install recessed hook-up connection. Abandon old hook-ups.	1.00 EA	\$ <u>500.00</u>
15	<u>Replace Waste Lines</u> : Replace the lead and other deteriorated waste lines in the main house with new PVC lines to code at bath, kitchen and new washer dryer hookups.	1.00 ea	\$ <u>900.00</u>
16	<u>Kitchen Sink</u> : Provide and install new stainless steel, 33x22 double bowl, four faucet hole, kitchen sink and new chrome faucets w/ spray (Delta 400WF, Moen 7841, or approved equal), and a new 3/4 waste disposal (Insinkerator Badger V, WasteKing 1001, or approved equal) in the new kitchen cabinets. Also include new plumbing connections as required for new installation and necessary electrical for connection and switch.	1.00 EA	\$ <u>500.00</u>
17	<u>Kitchen Cabinets</u> : Provide and install new kitchen cabinets (base and wall, raised panel, pre-finished, oak front such as Marque by Mastercraft, or approved equal as selected by the Owner) and plastic laminate countertops with splashback (color/style by Owner), to replace the existing kitchen cabinets--approx 5' west wall, 13' north wall with 3' cabinet between refrigerator and wall. In addition add 5' of like cabinets above new washer dryer location. Demo all built-in cabinets in kitchen and boiler room.	21.00 LF	\$ <u>6,300.00</u>
18	<u>Skylight Change</u> : Trim existing skylite opening in kitchen with consistent trim.	1.00 EA	\$ <u>200.00</u>
19	<u>Wall/Ceiling Reconstruction</u> : Reframe walls and ceilings as needed in the west addition approximately 1' to south floor to ceiling to allow for washer/dryer to be installed in boiler room including proper electrical outlets, switches and electrical dryer plug. Drywall to be installed, finished on both sides of new wall, demo existing.	1.00 ea	\$ <u>1,200.00</u>
20	<u>Relocate Dryer Vent</u> : Move the existing dryer vent from the current location to a new location (between floor joists, thru masonry, to exterior). Add new cap w/ screen.	1.00 ea	\$ <u>250.00</u>
21	<u>Remove Hall Closet</u> : Remove the existing closet door in hallway and install pantry/linen closet cabinet to match all new cabinetry. Repair wall and prepare for painting.	1.00 ea	\$ <u>800.00</u>
22	<u>New Interior Doors (5)</u> : Provide and install new interior doors in the existing openings to the 2 bedrooms, bath, and closet doors with pre-hung, paneled, painted doors and frames. Provide doors with new privacy hardware nickel in finish, hinges and locksets. Trim and site paint doors--color as per owner.	5.00 EA	\$ <u>1,625.00</u>

Cost Estimate Report

Item	Specification	Quantity/Unit	Total Cost
23	<u>Interior Door:</u> Remove existing frame and hardware from living room to addition to install 6' x 6'8" 15 lite french double doors, trim consistent with all other house trim.	1.00 EA	\$ 850.00
24	<u>Wood Floor Refinish:</u> Prepare, sand and refinish the existing wood floors in the living room, hall, kitchen and bedrooms. Include new base and quarter round throughout out entire house. Relocate crawl space access to closet in SE corner of house and lace in replacement flooring in hallway to match refinished product.	1.00 ea	\$ 1,150.00
25	<u>Interior Painting:</u> Prep walls and trim for painting. Spot prime with Kilz as necessary. Install two coats of KWAL Eggshell enamel to walls, ceiling, trim and door. Color to match existing. All drywall patches shall be completed to blend in with all walls/ceilings. This shall include removal of living room valance as well as hardware from previous sheer and curtain hardware.	1.00 ea	\$ 1,600.00
26	<u>Interior texture:</u> Prepare all interior walls and ceilings and apply a knockdown texture throughout the house and additions.	1.00 ea	\$ 750.00
27	<u>Sheet Vinyl Flooring:</u> Repair existing sub-floor where rotted at toilet, install new underlayment. Provide and install new sheet vinyl flooring (Armstrong Solarian, or approved equal - color / pattern as selected by Owner) in the bath and new laundry area. Include new base.	1.00 ea	\$ 350.00
28	<u>Electrical Repairs:</u> Retain the existing service panel but check all circuits for allowable loads, add circuits if needed to include garage panel. Repair any loose wiring. Add GFI receptacles in kitchen, bath and laundry areas to code. Add additional receptacle in the bedrooms if needed as well as outlets to meet code throughout entire house. Panel shall have arc fault breaker as required. All outlets will have ground wire installed if not already in place.	1.00 ea	\$ 1,200.00
29	<u>Repair/Replace Light Fixture:</u> Replace laundry room light fixture, replace three exterior porch light fixtures and reset existing ceiling fans in both bedrooms, install hard wired CO and smoke detectors as per code.	1.00 ea	\$ 500.00
30	<u>Bathtub mixer valve:</u> Install retro-fit mixer valve in tub and attach shower feeds/spout as needed. Access from existing hall closet.	1.00 ea	\$ 300.00
31	<u>Bathroom Vanity/banjo top:</u> Remove existing and replace with 36" vanity with banjo top over toilet. Faucet, Mirror, light fixture, 2 towel bars, towel ring and bar light fixture to be included.	1.00 ea	\$ 750.00
32	<u>New Energy Saving Appliances:</u> Provide and install the following new appliances as an energy saving measure. Appliances shall all be Energy Star Rated (GE, FrigidAire, or approved equal appliances) as approved by the Owner, in white. Range: 30" electric, free-standing, self-clean, range. Refrigerator: Sized to fit in kitchen area (18cf), with in door water/ice function. Above range built-in microwave w/ vent (re-circulating), light and switch firmly attached to wall with new exterior vent to outside included. Built-in dishwasher plumbed and wired as needed	1.00 ea	\$ 4,000.00
33	<u>Sprinkler system:</u> Verify operation, coverage and anti-syphon functions of existing system and make repairs as needed to make it fully operational.	1.00 ea	\$ 500.00

Cost Estimate Report

Item	Specification	Quantity/Unit	Total Cost
34	<u>Covered Front Porch</u> : Remove knotty pine and cover underside of porch with finished plywood, remove three sides of staggered siding and replace with substitute, caulk and paint finished product.	1.00 ea	\$ 400.00
35	<u>Crawlspace Insulation</u> : Provide and install perimeter batt or rigid insulation on all exposed exterior walls of the crawlspace. Include vapor barrier on dirt floor. Provide exterior ventilation at rim vents.	1.00 ea	\$ 800.00
36	<u>Attic Insulation-Add</u> : Provide and install blown-in rock wool or cellulose insulation to add bring the r-rating to local codes. Verify that soffet vents are properly vented for adequate ventilation.	1.00 ea	\$ 600.00
Total Estimate			\$ 38,025.00



To: Chair and Members of Wheat Ridge Housing Authority

From: Lauren Mikulak, AICP, Senior Planner

Subject: 2013 Audit

Date: August 22, 2014 (for August 26 WRHA meeting)

Attached for your reference please find the 2013 audit of the financial statements of the Wheat Ridge Housing Authority. The audit was finalized last month and submitted to the state on July 31, 2014.



July 30, 2014

Board of Commissioners
Wheat Ridge Housing Authority
Wheat Ridge, Colorado

We have audited the financial statements of the Wheat Ridge Housing Authority (the "Authority") as of and for the year ended December 31, 2013, and have issued our report thereon dated July 30, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements due to error or fraud may exist and not be detected by us, even though the audit is properly planned and performed. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or regulations that do not have a direct and material effect on the financial statements.

As part of our audit, we considered the Authority's internal control over financial reporting and compliance as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control or on compliance.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed reclassification adjustments to the Authority's financial statements as a result of our audit procedures. In our judgment, none of the adjustments we proposed, either individually or in the aggregate, indicate matters that could have a significant effect on the Authority's financial reporting process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

We encountered no difficulties dealing with management during the audit process. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and the responses were not a condition to our retention.

Other Information

Debit Cards

We identified two debit card purchases that did not have supporting documentation on file. We recommend that the Authority either discontinue using the debit cards or establish better monitoring procedures to prevent errors and fraud.

Conclusion

We would like to thank Ann Wang, Sally Payne and Kim Waggoner for their assistance during the audit process.

This report is intended solely for the information and use of the Board of Commissioners and management of the Wheat Ridge Housing Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Swanhorst & Company LLC".

Swanhorst & Company LLC