

LAMAR HOUSING AUTHORITY
Financial Statements
With Independent Auditor's Report
December 31, 2016

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lamar Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Lamar Housing Authority, as of and for the year ended December 31, 2016, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of the Lamar Housing Authority as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability – PERA and Schedule of Pension Contributions – PERA on pages 3-5 and pages 22-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lamar Housing Authority's basic financial statements. The combining program schedules, financial data schedule and schedule of expenditures of federal awards 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, and is also not a required part of the basic financial statements. are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated *March 27, 2017* on our consideration of the Lamar Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamar Housing Authority's internal control over financial reporting and compliance.



Brighton, Colorado
March 27, 2017

Management Discussion and Analysis

Management Discussion and Analysis

As management of the Lamar Housing Authority (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, 2016.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statement. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or 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 activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority consists of one proprietary enterprise fund that has seven housing and grant programs which are described in Note 1 to Financial Statements.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 9 to 18 of this report.

Financial Analysis

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$3,090,501 at the close of the most recent fiscal year.

The largest portion of the Authority's net position (80 percent) reflects its net investment in capital assets (e.g. land, building, machinery and equipment), less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide affordable low rent housing to its tenants, these assets are not available for future spending. Although the Authority's investment in its capital assets are reported net of related debt, it should be noted that resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

	2016	2015	2014	Increase (Decrease) CY vs. PY
ASSETS				
Cash and equivalents	\$ 933,832	\$ 806,947	\$ 534,360	\$ 126,885
Other current assets	18,589	11,087	235,943	7,502
Capital assets	3,481,779	3,615,068	3,754,714	(133,289)
Total Assets	<u>4,434,200</u>	<u>4,433,102</u>	<u>4,525,017</u>	<u>1,098</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>109,377</u>	<u>45,737</u>	<u>-</u>	<u>63,640</u>
LIABILITIES				
Current liabilities	131,263	130,735	146,016	528
Long term liabilities	130,573	1,436,699	1,021,319	(1,306,126)
Total liabilities	<u>261,836</u>	<u>1,567,434</u>	<u>1,167,335</u>	<u>(1,305,598)</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>21,240</u>	<u>18,641</u>	<u>-</u>	<u>2,599</u>
NET POSITION				
Net investment in capital assets	2,523,946	2,594,975	2,672,980	(71,029)
Restricted	170,240	170,240	188,892	-
Unrestricted	396,315	258,284	495,810	138,031
Total Net Position	<u>\$ 3,090,501</u>	<u>\$ 3,023,499</u>	<u>\$ 3,357,682</u>	<u>\$ 67,002</u>

Condensed Statement of Activities is presented in the following table:

	2016	2015	2014	Increase (Decrease) CY vs. PY
Revenue:				
Operating Revenue	\$ 354,507	\$ 355,090	\$ 376,596	\$ (583)
HUD Grants	783,255	752,086	751,014	31,169
Other Government Grants	258,689	230,028	272,305	28,661
Gain (Loss) on disposal of assets	-	-	-	-
Insurance proceeds	-	29,116	148,901	(29,116)
Interest Income	2,117	1,419	1,273	698
Total Revenue	<u>1,398,568</u>	<u>1,367,739</u>	<u>1,550,089</u>	<u>30,829</u>
Expenses:				
Operating Expenses	914,052	909,661	891,778	4,391
Housing Assistance Payments	423,292	494,792	467,662	(71,500)
Interest Expense	9,916	10,535	11,145	(619)
Total Expenses	<u>1,347,260</u>	<u>1,414,988</u>	<u>1,370,585</u>	<u>(67,728)</u>
Capital Contributions	<u>15,694</u>	<u>16,384</u>	<u>15,854</u>	
Change in Net Position	67,002	(30,865)	195,358	97,867
NetPosition-Beginning (Restated)	3,023,499	3,054,364	3,162,324	(30,865)
Net Position-Ending	<u>\$ 3,090,501</u>	<u>\$ 3,023,499</u>	<u>\$ 3,357,682</u>	<u>\$ 67,002</u>

As of the current fiscal year, as well as in the previous fiscal year, the Authority is able to report a positive balance in the net position. Current and other assets are increased due to increase in cash. This is primarily a result of revenues exceeding expenditures, less depreciation, throughout the year. Long term liabilities increased due to the

implementation of GASB No. 68 and the inclusion of net pension liabilities on the Statement of Net Position.. Operating revenue is decreased by \$21,506 in 2016 due to an increase in the vacancy rate. Operating expenses increased by \$1,337 due to an increase in various operating costs

Condensed Statement of Cash Flows is presented in the following table:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash from (for) Operating Activities	\$ (398,248)	\$ (390,430)	\$ (348,797)
Cash from Non Capital Financing Activities	618,652	487,322	555,657
Cash from (for) Capital and Related Financing Activities	(95,636)	(55,481)	(109,790)
Cash from (for) Investing Activities	<u>2,117</u>	<u>1,419</u>	<u>1,273</u>
Increase (Decrease)	<u>126,885</u>	<u>42,830</u>	<u>98,343</u>
Cash and Cash Equivalents, Beginning of Year	806,947	764,117	665,774
Cash and Cash Equivalents, End of Year	<u>\$ 933,832</u>	<u>\$ 806,947</u>	<u>\$ 764,117</u>

Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets as of December 31, 2016, amounts to \$3,481,779 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditure during fiscal year 2016 were \$39,154 relating to the upgrades to the facilities. The capital purchases were partially funded by \$15,694 of HUD capital grants. The Authority did not dispose of any assets during the year. The remaining activity related to capital assets were the normal additions of assets and depreciation. Additional information on capital assets can be found in note 5 to the accompanying financial statements.

Long Term Debt

At the end of the year, the Authority had outstanding long-term debt of \$957,833. The Authority did not acquire any new long term debt. The only activity in long term debt was the payment of principal and interest. Additional information on the Authority's Long Term Debt can be found in note 6.

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. The Authority has approximate 6 percent vacancy rates for their units in 2016. The Authority's rental rates have not changed in fiscal year 2016. The Authority expects that subsidy will not increase in 2016.

Request for Information

This financial report is designed to provide an overview of the Lamar Housing Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Authority's Accounting Department, 804 South Main Street, Lamar, CO 81052.

Basic Financial Statements

**Lamar Housing Authority
Statement of Net Position
December 31, 2016**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 577,790
Accounts receivable, net	
Tenants	18,589
Cash - restricted	356,042
Total Current Assets	<u>952,421</u>
Noncurrent Assets	
Capital assets	
Land	220,901
Buildings	6,397,227
Machinery and equipment	265,511
Less: accumulated depreciation	<u>(3,401,860)</u>
Net Capital Assets	<u>3,481,779</u>
Total Noncurrent Assets	3,481,779
Total Assets	<u>4,434,200</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pensions	<u>109,377</u>
Total Deferred Outflows of Resources	<u>109,377</u>

LIABILITIES

Current Liabilities	
Accounts payable	15,701
Other accrued liabilities	5,131
Tenant security deposits	43,364
Accrued compensated absences	5,296
Long term debt - current portion	<u>61,771</u>
Total Current Liabilities	<u>131,263</u>
Long Term Liabilities	
Net Pension Liability	404,511
Long term debt	<u>896,062</u>
Total Long Term Liabilities	<u>1,300,573</u>
Total Liabilities	<u>1,431,836</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	<u>21,240</u>
Total Deferred Inflows of Resources	<u>21,240</u>

Net Position

Net investment in capital assets	2,523,946
Restricted for capital improvements	170,240
Unrestricted	<u>298,034</u>
Total Net Position	<u>\$ 3,090,501</u>

Lamar Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2016

Operating Revenues	
Dwelling Rental - Net	\$ 348,343
Management Fee	4,583
Other	1,581
Total Operating Revenues	<u>354,507</u>
Operating Expenses	
General and Administrative	259,474
Utilities	165,184
Maintenance and Operation	316,951
Depreciation	172,443
Total Operating Expenses	<u>914,052</u>
Operating Income (Loss)	(559,545)
Non-Operating Revenues (Expenses)	
HUD Contributions and Grants	783,255
Other Government Grants	258,689
Housing Assistance Payments	(423,292)
Interest Expense	(9,916)
Interest Income	2,117
Total Non-Operating Revenues (Expenses)	<u>610,853</u>
Income Before Capital Contributions	<u>51,308</u>
Capital Contributions	15,694
Change in Net Position	<u>67,002</u>
Net Position, Beginning of Year	3,023,499
Net Position, End of Year	<u>\$ 3,090,501</u>

Lamar Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows From Operating Activities:

Cash Received from Tenants	\$ 349,664
Cash Payments to Tenants and suppliers	(528,366)
Cash Payments to Employees	(219,546)
Net Cash (Used) For Operating Activities	(398,248)

Cash Flows From Noncapital Financing Activities:

HUD Contributions and Grants	783,255
Housing Assistance Payments	(423,292)
Other Governments Grants	258,689
Net Cash Provided by Non-Capital Financing Activities	618,652

Cash Flows From Capital and Related Financing Activities:

Purchase of Property, Plant and Equipment	(39,154)
Capital Contributions	15,694
Repayment of Notes and Mortgage	(62,260)
Interest on Notes and Mortgage	(9,916)
Net Cash Provided (Used) by Capital and Related Financing Activities	(95,636)

Cash Flows from Investing Activities:

Interest Income	2,117
Net Cash Provided by Investing Activities	2,117

Net increase in Cash and Cash Equivalents

126,885

Cash and Cash Equivalents, Beginning

806,947

Cash and Cash Equivalents, Ending

\$ 933,832

Detail of cash and cash equivalents:

Cash - Unrestricted	577,790
Cash-Restricted	356,042
Total	\$ 933,832

Reconciliation of Operating Income to Net

Cash Used for Operating Activities:

Operating (Loss) (559,545)

Adjustments to Reconcile Operating Loss to

Net Cash Used for Operating Activities:

Depreciation and Amortization	172,443
Changes in Pension Related Items	(3,490)
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	(7,502)
Accounts Payable	(1,014)
Accrued Liabilities	(288)
Accrued Compensated Absences	(1,511)
Tenant Security Deposits	2,659

Net Cash Used for Operating Activities (398,248)

Lamar Housing Authority
Notes to the Financial Statements
December 31, 2016

Note 1 Summary of Significant Accounting Policies

The Lamar Housing Authority (the Authority) was established in 1976 by the City of Lamar, Colorado. The Authority is operated by a Board of Commissioners. The accounting policies of the Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority follows all pronouncements issued by GASB. The more significant of the Authority's policies are described below.

Financial Reporting Entity

The Authority follows GASB Statement No. 14 which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, no entities will be included in the Authority's reporting entity. The Lamar Housing Authority is not a component unit of any other entities.

Basis of Accounting

Enterprise fund accounting is utilized by the Authority in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. All assets, deferred inflows, liabilities, deferred outflows associated with the operation of the Authority are included in the statement of net position.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprises fund is charges for providing low income housing. Operating expenses for the enterprise fund include the cost of providing low income housing, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Authority presents its activities as a single enterprise proprietary fund and its primary operations are comprised of a number of grant programs as follows:

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

Low Rent Program accounts for the financial activities associated with Strainhurst Court South properties.

Housing Choice Vouchers Program accounts for the financial activities associated with Section 8 Housing Choice Voucher program.

Rural Development Program accounts for the financial activities associated with Emerald Home property.

Capital Fund Program accounts for financial activities associated with Public Housing capital fund program grant received from HUD.

State and Local Program accounts for the financial activities associated with the administrative fee received from Colorado Department of Housing to administer section 8 program.

Section 8 New Construction Program accounts for the financial activities associated with Strainhurst Court property.

Business Fee Program accounts for general administration and operations of the Authority.

The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Assets, Liabilities and Net Position

Investments - Investments are recorded at fair value, which approximates cost.

Receivables - All receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Short-Term Interprogram Receivables/Payables - During the course of operations, transactions may occur between individual programs for the goods provided or services rendered. These receivables and payables are classified as “due from other programs” or “due to other programs” on the balance sheet and have been eliminated in the government wide statement of net position.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

Capital assets - These consist of all property, plant and equipment. The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if donated.

Depreciation of all exhaustible capital assets is charged as expense against operations. Accumulated depreciation is reported on the balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 - 50 years
Improvements	10 - 20 years
Equipment	1 - 20 years

Compensated Absences - Pursuant to its personnel policies, the Authority will compensate individual employment for up to 21 days of vacation. The Authority reports these potential payments as a liability for compensated absences.

Restricted Assets - Certain proceeds of the loan received from United State Department of Rural Development as well certain resources set aside for capital improvements, are classified as restricted assets on the balance sheet in the amount of \$203,269 because they are maintained in separate bank accounts and their use is limited by applicable loan covenants. The Authority receives payments in advance that are designated for housing assistance by the Department of Housing and Urban Development. These funds are restricted in nature and are reflected as such in the Statement of Net Position.

All cash on hand in the Section 8 Housing Choice Voucher program is classified as restricted net asset on the statement of net position in the amount of \$109,409.

Net Position – Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions. The Authority utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016**

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Authority considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Estimates

The preparation of financial statements 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 and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The Authority adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all General and Special Revenue funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Authority Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Authority Board or revised by the Authority Board.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2016, the District's cash deposits had a carrying balance of \$933,832 and a corresponding bank balance of \$951,787, of which \$500,000 was insured by the Federal Deposit Insurance Corporation, respectively.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016**

Note 2 Cash and Investments (Continued)

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The Authority had \$451,787 collateralized under PDPA.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2016, none of the Authority’s bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The Authority does not have a formal investment policy.

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2016, was comprised of the following:

Program	Tenants Receivable	Allowance for Bad Debt	Receivable Net of Allowance
Low Rent	\$ 4,714	\$ (2,524)	\$ 2,190
Rural Development	29,632	(16,320)	13,312
Section 8 New Construction	11,703	(8,616)	3,087
 Total	 <u>\$ 46,049</u>	 <u>\$ (27,460)</u>	 <u>\$ 18,589</u>

Note 4 Due to Due From

The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The effect of inter program transactions has been eliminated in the Statements of Net Position. The composition of inter program balances as of December 31, 2016, is as follows:

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 4 Due to Due From (Continued)

Program	Due From Other Program	Due To Other Program	Total
Housing Choice Voucher	\$ 12,025	\$ -	\$ 12,025
Rural Development	-	(129,769)	(129,769)
Business Fee	117,744	-	117,744
Total	\$ 129,769	\$ (129,769)	\$ -

Note 5 Fixed Assets

The following is a summary of fixed assets at December 31, 2016

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Nondepreciable				
Land	\$ 220,901	\$ -	\$ -	\$ 220,901
Total Nondepreciable	220,901	-	-	220,901
Depreciable				
Buildings and improvements	6,358,073	39,154	-	6,397,227
Machinery and equipment	265,511	-	-	265,511
Total Depreciable	6,578,232	39,154	-	6,662,738
TOTAL	6,799,133	39,154	-	6,883,639
Less Accumulated Depreciation	(3,229,417)	(172,443)	-	(3,401,860)
Total Accumulated Depreciation	(3,044,419)	(172,443)	-	(3,401,860)
Net Capital Assets	<u>\$ 3,754,714</u>	<u>\$ (133,289)</u>	<u>\$ -</u>	<u>\$ 3,481,779</u>

Note 6 Notes Payable

Changes in Long-term Debt during 2016 were as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/30/2016	Due Within One Year
USDA Phase One	\$ 195,789	\$ -	\$ 13,003	\$ 182,786	\$ 12,019
USDA Phase Two	762,587	-	46,799	715,788	47,269
USDA Short Term	61,717	-	2,458	59,259	2,483
Total Long-term Debt	<u>\$ 1,020,093</u>	<u>\$ -</u>	<u>\$ 62,260</u>	<u>\$ 957,833</u>	<u>\$ 61,771</u>

Rural Development Note Payable (Phase I): On January 1, 2002, the Authority obtained a loan from United States Department of Agriculture Rural Development in the amount of \$364,711 with an interest rate of 1%. The loan proceeds were used for building housing. The note is secured by the buildings. The requirements to amortize the loan as of December 31, 2016 are as follows:

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 6 Notes Payable (Continued)

Year	Principal	Interest	Total
2017	12,019	2,882	14,901
2018	12,209	2,692	14,901
2019	12,402	2,499	14,901
2020	12,598	2,303	14,901
2021	12,797	2,104	14,901
2022-2026	67,084	7,421	74,505
2027-2031	53,677	20,205	73,882
Total	<u>\$ 182,786</u>	<u>\$ 40,106</u>	<u>\$ 222,892</u>

Rural Development Note Payable (Phase II): On January 1, 2002, the Authority obtained a loan from United States Department of Agriculture Rural Development in the amount of \$1,370,943 and carries a rate of interest of 1%. The loan proceeds were used for the construction of housing. The requirements to amortize the loan as of December 31, 2016 are as follows:

Year	Principal	Interest	Total
2017	47,269	6,942	\$ 54,211
2018	47,744	6,467	54,211
2019	48,223	5,988	54,211
2020	48,708	5,503	54,211
2021	49,197	5,014	54,211
2022-2026	253,500	17,553	271,053
2027-2031	221,147	4,730	225,877
Total	<u>\$ 715,788</u>	<u>\$ 52,197</u>	<u>\$ 767,985</u>

Rural Development Temporary Note Payable. - On June 15, 2005 the Authority borrowed \$60,000 from United States Department of Agriculture Rural Development for construction. The Authority borrowed additional amounts of \$21,274 on August 1, 2007 on this note. The note is unsecured and the rate of interest is 1%. The Authority started paying this loan on September 6, 2007 in monthly payments of \$255 including interest. The requirements to amortize the loan as of December 31, 2016 are as follows

Year	Principal	Interest	Total
2017	2,483	582	3,065
2018	2,508	557	3,065
2019	2,533	532	3,065
2020	2,559	506	3,065
2021	2,584	480	3,064
2022-2026	13,316	2,005	15,321
2027-2031	13,998	1,323	15,321
2032-2036	14,716	605	15,321
2037-2038	4,562	198	4,760
Total	<u>\$ 59,259</u>	<u>\$ 6,788</u>	<u>\$ 66,047</u>

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 7 Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Authority are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code. Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016**

Note 7 Defined Benefit Pension Plan (Continued)

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016**

Note 7 Defined Benefit Pension Plan (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$28,471 for the year ended December 31, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Authority reported a liability of \$404,511 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Authority proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Authority's proportion was .0367209739 percent, and .0387098781 percent as measured at of December 31, 2014. For the year ended December 31, 2016, the Authority recognized pension expense of \$48,603. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3035	\$ 14
Changes of assumptions or other inputs	\$ 0	\$ 7409
Net difference between projected and actual earnings on pension plan investments	\$77,871	\$ 7,423
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 0	\$ 13,817
Contributions subsequent to the measurement date	\$28,471	N/A
Total	\$109,377	\$21,240

The Authority reported \$28,471 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ended December 31, 2016.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 7 Defined Benefit Pension Plan (Continued)

Year Ended	Deferred Outflows	Deferred Inflows				
2017	\$ 16,929	\$ 3,308				
2018	16,929	3,308				
2019	15,899	794				
2020	15,574	-				
2021	15,574	-				
Total	\$ 80,905	\$ 7,410				

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase
Reserve	

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

The LGDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016**

Note 7 Defined Benefit Pension Plan (Continued)

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Authority contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2016

Note 7 Defined Benefit Pension Plan (Continued)

Funding Policy – The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016, 2015 and 2014, contributions to the HCTF were \$2,224, \$2,166 and \$2,345, respectively, equal to their required contributions for

Note 8 Contingencies and Commitments

The Authority is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in Colorado Intergovernmental Risk Sharing Agency(CIRSA/PC) and Colorado Intergovernmental Risk Sharing Agency for Workers' Compensation (CIRSA/WC). CIRSA provides member municipalities within the State of Colorado property, liability and workers compensation coverage and related services. CIRSA's general objectives are to provide member municipalities' defined property and liability and/or workers' compensation coverage through self-insurance and excess insurance purchased from commercial companies. The Authority makes an annual contribution to CIRSA for its insurance coverage.

The Authority's deductible for property and liability insurance coverage range from \$500 to \$1,000 per occurrence. Settle claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk. Losses have not exceeded commercial insurance coverage in any of the last three years.

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2016, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Authority.

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations, however, the Authority believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

Required Supplemental Information

Lamar Housing Authority
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - PERA
Last 10 Fiscal Years *

	2015	2014	2013
District's proportion of the net pension liability	0.0367209739%	0.0387098781%	0.0424133344%
District's proportional share of the net pension liability	\$ 404,511	\$ 346,960	\$ 349,028
District's covered payroll	205,077	206,616	226,279
Total pension liability	4,762,090,000	4,647,777,000	4,517,239,000
Plan fiduciary net position	3,660,509,000	3,751,468,000	3,508,312,000
Net pension liability	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 1,008,927,000</u>
Plan fiduciary net position as a percentage of the total pension liability	76.9%	80.7%	77.7%
Net pension liability as a percentage of covered payroll	197%	168%	154%

* Information for the prior 8 years was not available to report

**Lamar Housing Authority
 Required Supplementary Information
 Schedule of Pension Contributions - PERA
 Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily Required Contribution	28,471	28,571	29,059	31,000	36,785	35,848	35,812	31,184	32,042	30,518
Contributions in Relation to the Statutorily Required Contribution	28,471	28,571	29,059	31,000	36,785	35,848	35,812	31,184	32,042	30,518
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	218,035	205,077	206,616	226,279	268,506	250,973	261,402	243,627	263,851	275,341
Contributions as a % of Covered Payroll	13.06%	13.93%	14.06%	13.70%	13.70%	14.28%	13.70%	12.80%	12.14%	11.08%

Other Supplemental Information

Lamar Housing Authority
Combining Schedule of Program Net Position
December 31, 2016

	Low Rent	Housing Choice Vouchers	Rural Development	Capital Fund	State and Local	Section 8 New Construction	Business Fee	Total
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 232,772	\$ -	\$ -	\$ -	\$ 8,442	\$ 365,685	\$ 126,790	\$ 733,689
Accounts receivable, net								
Tenants	2,190	-	13,312	-	-	3,087	-	18,589
Due from other programs	-	12,025	-	-	-	-	129,769	141,794
Cash - restricted	7,356	109,409	228,044	-	-	11,233	-	356,042
Total Current Assets	<u>242,318</u>	<u>121,434</u>	<u>241,356</u>	<u>-</u>	<u>8,442</u>	<u>380,005</u>	<u>256,559</u>	<u>1,250,114</u>
Noncurrent Assets								
Capital assets								
Land	35,957	-	147,012	-	-	37,932	-	220,901
Buildings	1,304,606	-	3,729,621	32,238	-	1,330,762	-	6,397,227
Machinery and equipment	35,245	-	65,701	22,000	-	133,566	8,999	265,511
Construction in progress	-	-	-	-	-	-	-	-
Less: accumulated depreciation	(841,832)	-	(1,471,260)	(29,785)	-	(1,049,984)	(8,999)	(3,401,860)
Net Capital Assets	<u>533,976</u>	<u>-</u>	<u>2,471,074</u>	<u>24,453</u>	<u>-</u>	<u>452,276</u>	<u>-</u>	<u>3,481,779</u>
Total Noncurrent Assets	<u>533,976</u>	<u>-</u>	<u>2,471,074</u>	<u>24,453</u>	<u>-</u>	<u>452,276</u>	<u>-</u>	<u>3,481,779</u>
Total Assets	<u>776,294</u>	<u>121,434</u>	<u>2,712,430</u>	<u>24,453</u>	<u>8,442</u>	<u>832,281</u>	<u>256,559</u>	<u>4,731,893</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows - Pensions	28,769	7,425	26,909	-	4,177	36,997	5,100	109,377
Total Deferred Outflows of Resources	<u>28,769</u>	<u>7,425</u>	<u>26,909</u>	<u>-</u>	<u>4,177</u>	<u>36,997</u>	<u>5,100</u>	<u>109,377</u>
LIABILITIES								
Current Liabilities								
Accounts payable	-	-	-	-	-	-	15,701	15,701
Bank overdraft	-	-	155,899	-	-	-	-	155,899
Other accrued liabilities	-	-	-	-	-	-	5,131	5,131
Tenant security deposits	7,356	-	24,775	-	-	11,233	-	43,364
Accrued compensated absences	1,526	266	694	-	149	2,094	567	5,296
Due to other programs	-	-	129,769	-	-	-	12,025	141,794
Long term debt - current portion	-	-	61,771	-	-	-	-	61,771
Total Current Liabilities	<u>8,882</u>	<u>266</u>	<u>372,908</u>	<u>-</u>	<u>149</u>	<u>13,327</u>	<u>33,424</u>	<u>428,956</u>
Long Term Liabilities								
Net Pension Liability	106,397	27,460	99,518	-	15,447	136,827	18,862	404,511
Long term debt	-	-	896,062	-	-	-	-	896,062
Total Long Term Liabilities	<u>106,397</u>	<u>27,460</u>	<u>995,580</u>	<u>-</u>	<u>15,447</u>	<u>136,827</u>	<u>18,862</u>	<u>1,300,573</u>
Total Liabilities	<u>115,279</u>	<u>27,726</u>	<u>1,368,488</u>	<u>-</u>	<u>15,596</u>	<u>150,154</u>	<u>52,286</u>	<u>1,729,529</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows - Pensions	5,587	1,442	5,225	-	811	7,184	991	21,240
Total Deferred Inflows of Resources	<u>5,587</u>	<u>1,442</u>	<u>5,225</u>	<u>-</u>	<u>811</u>	<u>7,184</u>	<u>991</u>	<u>21,240</u>
Net Position								
Net investment in capital assets	533,976	-	1,513,241	24,453	-	452,276	-	2,523,946
Restricted for capital improvements	-	-	170,240	-	-	-	-	170,240
Restricted for housing assistance	-	98,281	-	-	-	-	-	98,281
Unrestricted	150,221	1,410	(317,855)	-	(3,788)	259,664	208,382	298,034
Total Net Position	<u>\$ 684,197</u>	<u>\$ 99,691</u>	<u>\$ 1,365,626</u>	<u>\$ 24,453</u>	<u>\$ (3,788)</u>	<u>\$ 711,940</u>	<u>\$ 208,382</u>	<u>\$ 3,090,501</u>

Lamar Housing Authority
Combining Schedule of Program Revenues, Expenses and Changes in Net Position
December 31, 2016

	Low Rent	Housing Choice Vouchers	Rural Development	Capital Fund	State and Local	Section 8 New Construction	Business Fee	Total
Operating Revenues								
Dwelling Rental - Net	\$ 115,417	\$ -	\$ 64,923	\$ -	\$ -	\$ 168,003	\$ -	\$ 348,343
Management Fee	-	-	-	-	-	-	4,583	4,583
Other	-	1,072	-	-	-	-	509	1,581
Total Operating Revenues	<u>115,417</u>	<u>1,072</u>	<u>64,923</u>	<u>-</u>	<u>-</u>	<u>168,003</u>	<u>5,092</u>	<u>354,507</u>
Operating Expenses								
General and Administrative	41,030	53,868	48,760	-	29,330	74,886	11,600	259,474
Utilities	44,752	-	44,839	-	-	71,820	3,773	165,184
Maintenance and Operation	70,405	1,345	120,024	15,297	-	108,569	1,311	316,951
Depreciation	30,686	-	98,607	5,909	-	37,241	-	172,443
Total Operating Expenses	<u>186,873</u>	<u>55,213</u>	<u>312,230</u>	<u>21,206</u>	<u>29,330</u>	<u>292,516</u>	<u>16,684</u>	<u>914,052</u>
Operating Income (Loss)	(71,456)	(54,141)	(247,307)	(21,206)	(29,330)	(124,513)	(11,592)	(559,545)
Non-Operating Revenues (Expenses)								
HUD Contributions and Grants	62,198	587,037	-	5,318	-	128,702	-	783,255
Other Government Grants	-	-	242,707	-	15,982	-	-	258,689
Housing Assistance Payments	-	(423,292)	-	-	-	-	-	(423,292)
Interest Expense	-	-	(9,916)	-	-	-	-	(9,916)
Interest Income	993	98	420	-	-	574	32	2,117
Total Non-Operating Revenues (Expenses)	<u>63,191</u>	<u>163,843</u>	<u>233,211</u>	<u>5,318</u>	<u>15,982</u>	<u>129,276</u>	<u>32</u>	<u>610,853</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(8,265)</u>	<u>109,702</u>	<u>(14,096)</u>	<u>(15,888)</u>	<u>(13,348)</u>	<u>4,763</u>	<u>(11,560)</u>	<u>51,308</u>
Capital Contributions	-	-	-	15,694	-	-	-	15,694
Transfers In	5,715	-	-	-	-	-	-	5,715
Transfers Out	-	-	-	(5,715)	-	-	-	(5,715)
Change in Net Position	<u>(2,550)</u>	<u>109,702</u>	<u>(14,096)</u>	<u>(5,909)</u>	<u>(13,348)</u>	<u>4,763</u>	<u>(11,560)</u>	<u>67,002</u>
Net Position, Beginning of Year	<u>686,747</u>	<u>(10,011)</u>	<u>1,379,722</u>	<u>30,362</u>	<u>9,560</u>	<u>707,177</u>	<u>219,942</u>	<u>3,023,499</u>
Net Position, End of Year	<u>\$ 684,197</u>	<u>\$ 99,691</u>	<u>\$ 1,365,626</u>	<u>\$ 24,453</u>	<u>\$ (3,788)</u>	<u>\$ 711,940</u>	<u>\$ 208,382</u>	<u>\$ 3,090,501</u>

Housing Authority of the City of Lamar (CO006)
Lamar, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2016

	Project Total	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$232,771	\$47,371	\$0	\$365,685	\$8,442	\$126,790	\$781,059		\$781,059
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted			\$109,409				\$109,409		\$109,409
114 Cash - Tenant Security Deposits	\$7,357	\$24,775		\$11,233			\$43,365		\$43,365
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$240,128	\$72,146	\$109,409	\$376,918	\$8,442	\$126,790	\$933,833	\$0	\$933,833
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants	\$4,714	\$29,632		\$11,703			\$46,049		\$46,049
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,524	-\$16,320		-\$8,616			-\$27,460		-\$27,460
126.2 Allowance for Doubtful Accounts - Other									
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,190	\$13,312	\$0	\$3,087	\$0	\$0	\$18,589	\$0	\$18,589
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets									
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From			\$12,025			\$129,769	\$141,794	-\$141,794	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$242,318	\$85,458	\$121,434	\$380,005	\$8,442	\$256,559	\$1,094,216	-\$141,794	\$952,422
161 Land	\$35,957	\$275,529		\$37,932			\$349,418		\$349,418
162 Buildings	\$1,336,844	\$3,601,104		\$1,330,762			\$6,268,710		\$6,268,710
163 Furniture, Equipment & Machinery - Dwellings	\$11,462						\$11,462		\$11,462
164 Furniture, Equipment & Machinery - Administration	\$45,783	\$65,701		\$133,566		\$9,000	\$254,050		\$254,050
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$871,617	-\$1,471,260		-\$1,049,984		-\$9,000	-\$3,401,861		-\$3,401,861
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$558,429	\$2,471,074	\$0	\$452,276	\$0	\$0	\$3,481,779	\$0	\$3,481,779
171 Notes, Loans and Mortgages Receivable - Non-Current									

172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$558,429	\$2,471,074	\$0	\$452,276	\$0	\$0	\$3,481,779	\$0	\$3,481,779
200 Deferred Outflow of Resources	\$28,769	\$26,909	\$7,425	\$36,997	\$4,177	\$5,100	\$109,377		\$109,377
290 Total Assets and Deferred Outflow of Resources	\$829,516	\$2,583,441	\$128,859	\$869,278	\$12,619	\$261,659	\$4,685,372	-\$141,794	\$4,543,578
311 Bank Overdraft									
312 Accounts Payable <= 90 Days						\$15,701	\$15,701		\$15,701
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable						\$2,257	\$2,257		\$2,257
322 Accrued Compensated Absences - Current Portion	\$1,526	\$695		\$2,094	\$149	\$567	\$5,031		\$5,031
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$7,357	\$24,775		\$11,233			\$43,365		\$43,365
342 Unearned Revenue									
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$61,771					\$61,771		\$61,771
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities						\$2,874	\$2,874		\$2,874
346 Accrued Liabilities - Other									
347 Inter Program - Due To		\$129,769				\$12,025	\$141,794	-\$141,794	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$8,883	\$217,010	\$0	\$13,327	\$149	\$33,424	\$272,793	-\$141,794	\$130,999
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$896,062					\$896,062		\$896,062
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current			\$266	\$0			\$266		\$266
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	\$106,397	\$99,518	\$27,460	\$136,827	\$15,447	\$18,862	\$404,511		\$404,511
350 Total Non-Current Liabilities	\$106,397	\$995,580	\$27,726	\$136,827	\$15,447	\$18,862	\$1,300,839	\$0	\$1,300,839
300 Total Liabilities	\$115,280	\$1,212,590	\$27,726	\$150,154	\$15,596	\$52,286	\$1,573,632	-\$141,794	\$1,431,838
400 Deferred Inflow of Resources	\$5,586	\$5,225	\$1,442	\$7,184	\$811	\$991	\$21,239		\$21,239
508.4 Net Investment in Capital Assets	\$558,429	\$1,513,241		\$452,276			\$2,523,946		\$2,523,946
511.4 Restricted Net Position		\$170,240	\$98,281				\$268,521		\$268,521
512.4 Unrestricted Net Position	\$150,221	-\$317,855	\$1,410	\$259,664	-\$3,788	\$208,382	\$298,034		\$298,034
513 Total Equity - Net Assets / Position	\$708,650	\$1,365,626	\$99,691	\$711,940	-\$3,788	\$208,382	\$3,090,501	\$0	\$3,090,501
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$829,516	\$2,583,441	\$128,859	\$869,278	\$12,619	\$261,659	\$4,685,372	-\$141,794	\$4,543,578

Housing Authority of the City of Lamar (CO006)
Lamar, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2016

	Project Total	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$99,757	\$55,792		\$139,587			\$295,136		\$295,136
70400 Tenant Revenue - Other	\$15,660	\$9,131		\$28,416			\$53,207		\$53,207
70500 Total Tenant Revenue	\$115,417	\$64,923	\$0	\$168,003	\$0	\$0	\$348,343	\$0	\$348,343
70600 HUD PHA Operating Grants	\$67,516		\$587,037				\$654,553		\$654,553
70610 Capital Grants	\$15,694						\$15,694		\$15,694
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants		\$242,707		\$128,702			\$371,409		\$371,409
71100 Investment Income - Unrestricted	\$993	\$420	\$98	\$574		\$32	\$2,117		\$2,117
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$1,072				\$1,072		\$1,072
71500 Other Revenue					\$15,982	\$5,092	\$21,074		\$21,074
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$199,620	\$308,050	\$588,207	\$297,279	\$15,982	\$5,124	\$1,414,262	\$0	\$1,414,262
91100 Administrative Salaries	\$22,580	\$17,819	\$14,801	\$38,983	\$8,326	\$10,167	\$112,676		\$112,676
91200 Auditing Fees	\$1,778	\$2,370	\$2,370	\$4,148	\$1,185		\$11,851		\$11,851
91300 Management Fee			\$3,208	\$1,375			\$4,583		\$4,583
91310 Book-keeping Fee	\$561	\$748	\$748	\$1,309	\$374		\$3,740		\$3,740
91400 Advertising and Marketing	\$290	\$1,886	\$213	\$272	\$213	\$333	\$3,207		\$3,207
91500 Employee Benefit contributions - Administrative	\$11,020	\$19,610	\$9,762	\$19,926	\$5,551	\$63	\$65,932		\$65,932
91600 Office Expenses	\$5,120	\$6,638	\$6,520	\$10,496	\$2,221	\$349	\$31,344		\$31,344
91700 Legal Expense						\$71	\$71		\$71
91800 Travel									
91810 Allocated Overhead									
91900 Other	\$4						\$4		\$4
91000 Total Operating - Administrative	\$41,353	\$49,071	\$37,622	\$75,134	\$19,245	\$10,963	\$233,408	\$0	\$233,408
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other									
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$6,282	\$20,722		\$9,375		\$743	\$37,122		\$37,122
93200 Electricity	\$24,836	\$12,932		\$37,141		\$2,337	\$77,246		\$77,246

Housing Authority of the City of Lamar (CO006)
Lamar, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2016

93300 Gas	\$4,202	\$5,644		\$10,934		\$559	\$21,339		\$21,339
93400 Fuel									
93500 Labor									
93600 Sewer	\$1,093	\$5,458		\$475		\$134	\$7,160		\$7,160
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense	\$8,339	\$83		\$13,894			\$22,316		\$22,316
93000 Total Utilities	\$44,752	\$44,839	\$0	\$71,819	\$0	\$3,773	\$165,183	\$0	\$165,183
94100 Ordinary Maintenance and Operations - Labor	\$34,768	\$35,822		\$34,768			\$105,358		\$105,358
94200 Ordinary Maintenance and Operations - Materials and Other	\$38,074	\$55,330	\$1,115	\$58,576		\$492	\$153,587		\$153,587
94300 Ordinary Maintenance and Operations Contracts	\$7,068	\$16,884		\$6,513		\$590	\$31,055		\$31,055
94500 Employee Benefit Contributions - Ordinary Maintenance									
94000 Total Maintenance	\$79,910	\$108,036	\$1,115	\$99,857	\$0	\$1,082	\$290,000	\$0	\$290,000
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs	\$230	\$1,839	\$233	\$226		\$230	\$2,758		\$2,758
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$230	\$1,839	\$233	\$226	\$0	\$230	\$2,758	\$0	\$2,758
96110 Property Insurance	\$5,561	\$10,149	\$16,406	\$8,481			\$40,597		\$40,597
96120 Liability Insurance					\$10,149		\$10,149		\$10,149
96130 Workmen's Compensation									
96140 All Other Insurance									
96100 Total insurance Premiums	\$5,561	\$10,149	\$16,406	\$8,481	\$10,149	\$0	\$50,746	\$0	\$50,746
96200 Other General Expenses						\$537	\$537		\$537
96210 Compensated Absences	-\$322	-\$799	-\$163	-\$242	-\$64	\$79	-\$1,511		-\$1,511
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents		-\$13					-\$13		-\$13
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	-\$322	-\$812	-\$163	-\$242	-\$64	\$616	-\$987	\$0	-\$987
96710 Interest of Mortgage (or Bonds) Payable		\$9,916					\$9,916		\$9,916
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$9,916	\$0	\$0	\$0	\$0	\$9,916	\$0	\$9,916
96900 Total Operating Expenses	\$171,484	\$223,038	\$55,213	\$255,275	\$29,330	\$16,684	\$751,024	\$0	\$751,024
97000 Excess of Operating Revenue over Operating Expenses	\$28,136	\$85,012	\$532,994	\$42,004	-\$13,348	-\$11,560	\$663,238	\$0	\$663,238
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized		\$501					\$501		\$501
97300 Housing Assistance Payments			\$423,292				\$423,292		\$423,292
97350 HAP Portability-In									
97400 Depreciation Expense	\$36,595	\$98,607		\$37,241			\$172,443		\$172,443
97500 Fraud Losses									

Housing Authority of the City of Lamar (CO006)
Lamar, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2016

97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$208,079	\$322,146	\$478,505	\$292,516	\$29,330	\$16,684	\$1,347,260	\$0	\$1,347,260
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In	\$5,715						\$5,715		\$5,715
10094 Transfers between Project and Program - Out	-\$5,715						-\$5,715		-\$5,715
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$8,459	-\$14,096	\$109,702	\$4,763	-\$13,348	-\$11,560	\$67,002	\$0	\$67,002
11020 Required Annual Debt Principal Payments	\$0	\$61,771	\$0	\$0	\$0	\$0	\$61,771		\$61,771
11030 Beginning Equity	\$717,109	\$1,379,722	-\$10,011	\$707,177	\$9,560	\$219,942	\$3,023,499		\$3,023,499
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$0				\$0		\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity			\$1,410				\$1,410		\$1,410
11180 Housing Assistance Payments Equity			\$98,281				\$98,281		\$98,281
11190 Unit Months Available	360	720	1284	600	0	0	2964		2964
11210 Number of Unit Months Leased	348	584	1093	592	0	0	2617		2617
11270 Excess Cash	\$220,420						\$220,420		\$220,420
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$15,694						\$15,694		\$15,694
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

SINGLE AUDIT SECTION

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners

Lamar Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements the business-type activities as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Lamar Housing Authority's basic financial statements, and have issued our report thereon dated March 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lamar Housing 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 Lamar Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Lamar Housing Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lamar Housing 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. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Green & Associates LLP". The signature is written in a cursive, flowing style.

Brighton, CO
March 27, 2017

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE UNIFORM GUIDANCE

To the Board of Commissioners
Lamar Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Lamar Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lamar Housing Authority's major federal programs for the year ended December 31, 2016. Lamar Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lamar Housing 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, 2016.

Report on Internal Control Over Compliance

Management of Lamar Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lamar Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Lamar Housing Authority's internal control over compliance.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Lamar Housing Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lamar Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "G. & Associates LLP". The signature is written in a cursive, flowing style.

Brighton, CO
March 27, 2017

**Lamar Housing Authority
Schedule of Expenditures of Federal Awards
December 31, 2016**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development:		
Housing Choice Vouchers	14.871	\$ 587,037
Public Housing Operating Subsidy	14.850a	62,198
Public Housing Capital Fund Program	14.872	21,012
Section 8 New Construction	14.195	128,702
Total US Department of Housing and Urban Development		798,949
U.S. Department of Agriculture Rural Development-Rental Assistance	10.427	242,707
Rural Development Loan		1,020,093
Total Federal Financial Awards		\$ 1,262,800

Notes to the Schedule of Expenditures of Federal Awards

The schedule of expenditures of federal awards is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore some amounts presented in this schedule may differ from amounts presented in the financial statement.

Loan Guarantees

The Authority had three loans that were guaranteed by the U.S. Department of Agriculture. The ending balances of each of the loans at December 31, 2016 were \$182,786, \$715,788 and \$59,259.

Lamar Housing Authority
Schedule of Findings and Questioned Costs
December 31, 2016

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material Weakness identified? _____ Yes x no
- Significant deficiency identified that are not considered to be material weakness? _____ Yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material Weakness identified? _____ yes x no
- Significant deficiency identified that are not considered to be material weakness? _____ yes x no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ yes x no

Identification of major programs:

Rural Rental Housing Loan Program 10.415

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Audited qualified as low-risk audited? _____ Yes x No

**Lamar Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2016**

Current Year Findings:

None

Prior Year Findings:

Finding 2016-001

Federal Program: CFDA # 14.871 Housing Choice Vouchers

Criteria: The PHA must pay a monthly HAP on behalf of the family that corresponds with the amount on line 12u of the HUD-50058. This HAP amount must be reflected on the HAP contract and HAP register. (24 CFR section 982.158 and 24 CFR part 982, subpart K). The PHA is responsible for the accurate calculation of the HAP that is reported on the HUD-50058.

Condition: It was noted there were instances in which the Authority applied the incorrect voucher size to the calculation of the net tenant payment or the owner of the rental unit was paid an incorrect amount.

Cause: The cause of the deficiency is related to procedures that were not properly documented and staff that was not properly trained in the procedures that were documented.

Effect: This has resulted in tenants being required to pay an incorrect amount.

Questioned Costs: None

Prevalence and Consequences: There was a population of 25 cases that were statistically sampled for testing. Out of the population sampled it was noted that three cases contained errors in the calculation of net tenant contribution. This was a result of applying either improper voucher size or incorrect utility allowances to the tenants contribution. In one instance it was determined that the Authority paid an amount that was different than the calculated amount due to the landlord on the HUD-50058.

Repeat Finding: No

Recommendation: It is recommended the Authority review all of the policies in place relating to the certification of tenants and the admittance of new tenants. It is also recommended that employees are trained on these policies and that periodic reviews are performed on tenant files to ensure compliance with policies.

Management Response: There will be an internal audit periodically in order to make sure the new employee in the Section 8 Program is calculating voucher size, income eligibility, wait list selection, rent calculation and utility allowance correctly. It has been requested by management that a team from the HUD office come to the Lamar Housing Authority for proper technical training and to make sure that Lamar Housing Authority is following every rule set forth by HUD regulations.

Finding 2016-002

Lamar Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2016

Federal Program: CFDA # 14.871 Housing Choice Vouchers

Criteria: As a condition of admission or continued occupancy the PHA must determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 et seq.) (24 CFR sections 982.201, 982.515, and 982.516)

Condition: Income was not properly verified on all tenants. In some instances where the income was verified it was either not properly calculated or did not agree to the verification.

Cause: The cause of the deficiency is related to procedures that were not properly documented and staff that was not properly trained in the procedures that were documented.

Effect: This may have resulted in the net tenant contribution being incorrectly calculated.

Questioned Costs: None

Prevalence and Consequences: There was a population of 25 cases that were statistically sampled for testing. Out of the population sampled it was noted that three cases did not contain documentation of the income verification in the file or the verified income did not agree to that reported on the HUD-50058.

Repeat Finding: No

Recommendation: It is recommended the Authority review all of the policies in place relating to the certification of tenants and the admittance of new tenants. It is also recommended that employees are trained on these policies and that periodic reviews are performed on tenant files to ensure compliance with policies.

Management Response: There will be an internal audit periodically in order to make sure the new employee in the Section 8 Program is calculating voucher size, income eligibility, wait list selection, rent calculation and utility allowance correctly. It has been requested by management that a team from the HUD office come to the Lamar Housing Authority for proper technical training and to make sure that Lamar Housing Authority is following every rule set forth by HUD regulations.

Finding 2016-003

Federal Program: CFDA # 14.871 Housing Choice Vouchers

Criteria: The PHA must have written policies in its HCVP administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list under 24 CFR section 5.410, 982.54(d) and 982.201 through 982.207.

Condition: The Authority is not sufficiently documenting the selection of applicants from the wait list in a manner sufficient to determine if they are properly following the established policies for admission of new tenants.

Lamar Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2016

Cause: The Authority has not fully adhered to its documented policies.

Effect: By not adhering to the stated policies it is likely that tenants may not have been admitted into the program in a timely or orderly fashion.

Questioned Costs: None

Prevalence and Consequences: It was noted that the majority of the tenants that were admitted during the year did not appear to be on the waiting list during 2016. It was also noted that the applicant that was number one on the wait list at January 1, 2016 was not admitted during 2016 and became ranked number 53 on the wait list at December 31, 2016.

Repeat Finding: No

Recommendation: It is recommended the Authority review all of the policies in place relating to the certification of tenants and the admittance of new tenants. It is also recommended that employees are trained on these policies and that periodic reviews are performed on tenant files to ensure compliance with policies.

Management Response: There will be an internal audit periodically in order to make sure the new employee in the Section 8 Program is calculating voucher size, income eligibility, wait list selection, rent calculation and utility allowance correctly. It has been requested by management that a team from the HUD office come to the Lamar Housing Authority for proper technical training and to make sure that Lamar Housing Authority is following every rule set forth by HUD regulations.

Finding 2016-004

Federal Program: CFDA # 14.871 Housing Choice Vouchers

Criteria: The PHA's administrative plan must state the method used by the PHA to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA determination must consider unit attributes such as the location, quality, size, unit type, and age of the unit, and any amenities, housing services, maintenance, and utilities provided by the owner.

The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract) (24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

Condition: The PHA did not document the assessment of reasonable rent. The PHA has been using a reasonable rent schedule but there was not sufficient documentation to support the calculation and assessment of the reasonable rent.

Cause: The cause of the deficiency is related to procedures that were not properly documented and staff that was not properly trained in the procedures that were documented.

Lamar Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2016

Effect: The effect of the deficiency is it may allow a landlord to be paid an amount in excess of market value.

Questioned Costs: None

Prevalence and Consequences: There was a population of 25 cases that were statistically sampled for testing. Out of the population sampled there were no instances noted in which the rent exceeded the documented amount established for each family size. It was noted there was not any documentation or support of the amounts established for each family size or an indication as to the last time reasonable rent was reviewed.

Repeat Finding: No

Recommendation: It is recommended the Authority review all of the policies in place relating to the certification of tenants and the admittance of new tenants. It is also recommended that employees are trained on these policies and that periodic reviews are performed on tenant files to ensure compliance with policies.

Management Response: There will be an internal audit periodically in order to make sure the new employee in the Section 8 Program is calculating voucher size, income eligibility, wait list selection, rent calculation and utility allowance correctly. It has been requested by management that a team from the HUD office come to the Lamar Housing Authority for proper technical training and to make sure that Lamar Housing Authority is following every rule set forth by HUD regulations.

Finding 2016-005

Federal Program: CFDA # 14.871 Housing Choice Vouchers

Criteria: The PHA must maintain an up-to-date utility allowance schedule. The PHA must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised (24 CFR section 982.517).

Condition: The Utility allowance was not reviewed on an annual basis. In one instance the utility allowance that was established was not properly applied to the calculation of the net tenant contribution

Cause: The cause of the deficiency is related to procedures that were not properly documented and staff that was not properly trained in the procedures that were documented.

Effect: The effect of the deficiency is tenants may be given a utility allowance in excess of what is required for the dwelling or one that is not sufficient to cover the required utilities of the dwelling.

Questioned Costs: None

Lamar Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2016

Prevalence and Consequences: There was a population of 25 cases that were statistically sampled for testing. Out of the population sampled there was one instance noted in which the utility allowance was different from the schedule that was adopted. The PHA has adopted a utility allowance but has not reviewed the allowance to make sure it is appropriate and in line with the costs in their area.

Repeat Finding: No

Recommendation: It is recommended the Authority review all of the policies in place relating to the certification of tenants and the admittance of new tenants. It is also recommended that employees are trained on these policies and that periodic reviews are performed on tenant files to ensure compliance with policies.

Management Response: Finding number **2016-001, 2016-002, 2016-003, 2016-004, and 2016-005:**

There will be an internal audit periodically in order to make sure the new employee in the Section 8 Program is calculating voucher size, income eligibility, wait list selection, rent calculation and utility allowance correctly. It has been requested by management that a team from the HUD office come to the Lamar Housing Authority for proper technical training and to make sure that Lamar Housing Authority is following every rule set forth by HUD regulations. This is anticipated to be implemented by June 1, 2016. The contact information for this finding is Sondra Angel, Executive Director, 719-336-9575.