



Financial Statements
December 31, 2017

Housing Authority of the City of Lakewood

dba

Metro West Housing Solutions



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June 27, 2018

Housing Authority of the City of Lakewood
dba Metro West Housing Solutions
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December 31, 2017

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Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Lakewood
dba Metro West Housing Solutions
Lakewood, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority), as of and for the year ended December 31, 2017, 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Housing Authority of the City of Lakewood d/b/a Metro West Housing Solutions, as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 Authority's financial statements. The accompanying combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Financial Data Schedules (FDS) are presented for purposes of additional information as required by Housing and Urban Development Real Estate Assessment Center (REAC) and are not a required part of the financial statements.

The combining statements, the Schedule of Expenditures of Federal Awards, and the FDS are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 statements, the Schedule of Expenditures of Federal Awards, and the FDS are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Boise, Idaho
May 23, 2018

The following discussion and analysis of the financial statements of the Housing Authority of the City of Lakewood, dba Metro West Housing Solutions (the Authority), provides an overview of the financial activities for the fiscal year ended December 31, 2017. Please consider the following information in addition to your review of the information in the basic financial statements.

Financial Highlights

Metro West Housing Solutions continues to have a strong financial outlook.

- ✓ The end of the year net position for the Primary Government and the Discretely Presented Component Units is \$62,828,289 and \$67,608,796, respectively.
- ✓ Housing Choice Voucher expenditures were \$11,472,750 representing an increase from 2016 in the amount of \$779,328.
- ✓ Housing Choice Voucher Annual Contributions from HUD for 2017 were \$12,116,509 representing an increase in the amount of \$763,890 from fiscal year 2016.
- ✓ Total Primary Government Cash and Cash Equivalents were \$2,551,178 and \$5,075,824 at December 31, 2017 and 2016, respectively. This decrease is a result of investment in future developments and will be partly reimbursed in 2018.
- ✓ Primary Governmental Total Assets increased from \$90,819,786 at December 31, 2016 to \$96,514,768 at December 31, 2017.

Agency Overview

MWHS contracts with the United States Department of Housing and Urban Development (HUD) for the Housing Choice Voucher (HCV) Program. The HCV program is authorized by HUD to administer 1411 units of affordable, safe, and sanitary housing. MWHS develops and manages a portfolio of Low Income Housing Tax Credit properties as well as operating market rate properties. All business-type activities are consolidated into one agency-wide total. Separate accounts are maintained for each activity or grant to control and manage funds for particular purposes.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the MWHS's basic financial statements. The basic financial statements are comprised of two components: 1) government-wide financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. In accordance with requirements as described in the U.S. Office of Management and Budget Uniform Guidance, an Independent Auditor's Report on compliance and a report on Internal Control is included.

The basic financial statements consist of Primary Government activities and the Discretely Presented Component Units.

The Primary Government activities encompasses: Housing Choice Vouchers; Portable Vouchers; Resident Services; Lakewood Housing Corporation; Paloma I; Paloma II; the MWHS equity portion of Low Income Housing Tax Credit properties; Belmont Manor; Development Department; Housing Corporation for the City of Lakewood; Independence; Marston Pointe Apartments; Property Management; Retail Properties; Ridgemoor; Union; Van Gordon; Youngfield and Colfax Avenue; and West Jewell.

The Discretely Presented Component Units activities encompasses: Kings Row Apartments LLLP; LHA Willow Glen LLC; 5100 Alameda Holdings LLC; MWHS Lamar Station LLLP; MWHS Cityscape LLLP; MWHS Creekside West LLLP; Paloma Villas III LLLP; Wolff Street Development LLLP; LHA Maplewood LLLP; LHA Pierce Street LLLP, and MWHS Fifty Eight Hundred, LLLP.

Government-Wide Financial Statements

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

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

The Statement of Cash Flows converts the accrual accounting to cash to let the reader know if MWHS, as a whole, increased or decreased cash position this year and what the sources or uses of the cash were.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Primary Government and Discretely Presented Component Unit financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

Combining Financial Statements

A program is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MWHS keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

In addition to the reporting of the financial statements, MWHS is also required to file these financial statements electronically to HUD through the Real Estate Assessment Center (REAC). Financial and other information must be submitted to REAC electronically by MWHS through FASS (REAC) using templates specifically designed by HUD. REAC utilizes the information filed electronically to conduct a multi-tiered assessment in order to foster transparency and enhance public trust by creating a comprehensive management tool that effectively and fairly measures performance based on standards that are objective, uniform, and verifiable. The electronic filing of these reports must be approved by HUD. These reports will not be approved until they are certified that they agree to the audited financial statements conducted by an accredited independent certified public accountant.

Primary Government Financial Analysis

Changes in net position may serve as a useful indicator of changes in the financial position of an organization. On December 31, 2017, the Primary Government assets exceeded liabilities by \$62,828,289. This amount is broken down to \$7,808,759 that is net investment in capital assets and \$55,019,530 available to fund the operations of MWHS. Assets consist of \$36,348,819 of capital assets, which make up 38% of total assets. Cash and cash equivalents represent 3% of assets at \$2,551,178; notes and accrued interest receivable represent 41% of assets at \$39,081,779.

CONDENSED STATEMENT OF NET POSITION

	2017	2016	Percent Change
Assets			
Current Assets	\$ 12,258,438	\$ 9,140,561	34.1%
Noncurrent Assets	84,256,330	81,679,225	3.2%
Total Assets	96,514,768	90,819,786	6.3%
Liabilities			
Current Liabilities	7,887,096	2,774,455	184.3%
Noncurrent Liabilities	25,799,383	29,363,114	-12.1%
Total Liabilities	33,686,479	32,137,569	4.8%
Net Position			
Net Investment in Capital Assets	7,808,759	8,527,280	-8.4%
Restricted for Housing Assistance Payments	-	23,159	-100.0%
Unrestricted	55,019,530	50,131,778	9.7%
Total Net Position	\$ 62,828,289	\$ 58,682,217	7.1%

Revenue, including non-operating revenue, outpaced operating expenses by \$4,146,072. HUD Voucher funding had a substantial increase in 2017. A majority of this increase was used to pay market directed rent increases. Rental rates increased slightly in the year resulting in a modest increase in rental income. The development of the 5800 West Alameda Avenue property resulted in the collection of developer fees and the recognition of a gain on the sale of the land when the property was transferred to the tax credit partnership.

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Management's Discussion and Analysis
 December 31, 2017

	2017	2016	Percent Change
Operating Revenue			
Grants	\$ 13,630,563	\$ 11,593,414	17.6%
Rental	3,758,137	3,698,359	1.6%
Developer Fees	886,162	-	-
Other	1,418,586	1,222,408	16.0%
Total Operating Revenue	19,693,448	16,514,181	19.3%
Operating Expenses	17,594,733	16,270,856	8.1%
Operating Income	2,098,715	243,325	762.5%
Nonoperating Revenue	2,047,357	41,820	4795.6%
Change in Net Position	4,146,072	285,145	1354.0%
Net Position, Beginning	58,682,217	58,397,072	0.5%
Net Position, Ending	\$ 62,828,289	\$ 58,682,217	7.1%

Capital Assets

During 2017, there was \$2,452,474 in additions to the Primary Government Capital Assets. The 2017 increases resulted from building improvements during the year. Further information on Capital Assets may be found in Note 6 in the financial statements.

Long-Term Debt

The long-term debt balance was \$28,540,060 on December 31, 2017. During 2017, there were \$2,102,500 in debt issuances and \$4,179,255 in payments on long-term debt. Further information on long-term debt may be found in Note 8 in the financial statements.

Future Plans for 2017

- ✓ In the year to come, Metro West Housing Solutions plans on continuing its mission of “providing an opportunity for a healthy, affordable, decent and safe living environment for the Lakewood community” through its programs, development activities, and partnerships.
- ✓ Housing Choice Vouchers – Continue to administer as many vouchers as are available with HUD funding. This is accomplished by continually monitoring HUD funding vs. leasing to determine available units.
- ✓ Development – Explore the development of projects through the use of various financing alternatives and partnerships. Pursue purchase opportunities of development sites to expand the real estate portfolio.
- ✓ Marston Pointe, Paloma I, Paloma II, and Belmont Manor – Continue to manage and operate the complexes so that they remain a popular and enjoyable family residence by maintaining their community spirit and upkeep. Continue to schedule preventive and regular maintenance to maintain the properties and fund planned rehabilitation projects with budgeted reserve replacement funds.

Requests for Information

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

The Housing Authority of the City of Lakewood
DBA Metro West Housing Solutions
575 Union Blvd., Suite 100
Lakewood, Colorado 80228-1240

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Statement of Net Position
 December 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,551,178	\$ 2,306,398
Restricted cash and cash equivalents	587,276	4,023,099
Accounts receivable		
Tenants	21,937	21,699
Other	1,709,702	395,314
Developer fees	1,014,831	-
Due from discretely presented component units	1,069,669	-
Grant receivable	600,000	-
Construction note receivable from discretely presented component unit	4,485,835	-
Prepaid expenses	172,283	205,527
Notes receivable - current portion	45,727	-
Total Current Assets	<u>12,258,438</u>	<u>6,952,037</u>
Accrued Interest Receivable - Long-Term	<u>4,883,125</u>	<u>-</u>
Developer Fees Receivable - Long-Term	<u>1,160,549</u>	<u>-</u>
Equity Method Investments	<u>7,705,714</u>	<u>-</u>
Notes Receivable	<u>34,152,927</u>	<u>-</u>
Other Assets, Net of Accumulated Amortization	<u>5,196</u>	<u>303,889</u>
Capital Assets		
Non-depreciable	11,586,003	32,227,861
Depreciable, net	<u>24,762,816</u>	<u>111,090,886</u>
Total Capital Assets	<u>36,348,819</u>	<u>143,318,747</u>
Total Assets	<u><u>\$ 96,514,768</u></u>	<u><u>\$ 150,574,673</u></u>

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Statement of Net Position
 December 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 184,025	\$ 343,596
Construction payable	-	4,898,971
Construction loan payable	4,485,835	-
Due to Metro West Housing Solutions	-	1,069,669
Developer fee payable	-	1,014,831
Construction note payable to Metro West Housing Solutions	-	4,485,835
Accrued liabilities	266	856,258
Accrued compensated absences	304,571	42,138
Accrued interest payable	-	4,852,510
Advanced revenues	5,732	54,262
Tenant security deposits payable	161,281	387,524
Notes, mortgages and bonds payable - current portion	<u>2,745,386</u>	<u>734,146</u>
Total Current Liabilities	<u>7,887,096</u>	<u>18,739,740</u>
Long-Term Liabilities		
Tenants FSS escrow	4,709	-
Developer fee payable - long-term	-	1,160,549
Notes, mortgages and bonds payable - net of current portion	<u>25,794,674</u>	<u>63,065,588</u>
Total Long-Term Liabilities	<u>25,799,383</u>	<u>64,226,137</u>
Total Liabilities	<u>33,686,479</u>	<u>82,965,877</u>
Net Position		
Net investment in capital assets	7,808,759	75,033,178
Restricted	-	-
Unrestricted	<u>55,019,530</u>	<u>(7,424,382)</u>
Total Net Position	<u>62,828,289</u>	<u>67,608,796</u>
Total Liabilities and Net Position	<u>\$ 96,514,768</u>	<u>\$ 150,574,673</u>

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended December 31, 2017

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 12,116,509	\$ -
Other grants	1,514,054	-
Rental income	3,758,137	9,321,897
Management fees	560,710	-
Developer fee income	886,162	-
Other	857,876	28,107
Total operating revenues	<u>19,693,448</u>	<u>9,350,004</u>
Operating Expenses		
Housing assistance payments	11,472,750	-
Administrative salaries and benefits	2,802,636	1,033,661
Maintenance salaries and benefits	216,669	670,447
Regular and extraordinary maintenance	615,545	1,140,227
Other administrative	742,439	1,178,351
Depreciation and amortization	1,019,168	4,093,316
Utilities	304,015	814,158
Insurance	185,810	343,162
Other expenses	235,701	47,584
Total operating expenses	<u>17,594,733</u>	<u>9,320,906</u>
Operating Income	<u>2,098,715</u>	<u>29,098</u>
Non-Operating Revenues (Expenses)		
Interest income	1,449,810	1,019
Gain on equity method investments	29,239	-
Gain (loss) on sale of capital assets	1,898,720	(16,265)
Loss on involuntary conversion of capital assets	-	(107,824)
Interest expense	(1,330,412)	(2,966,915)
Total Non-Operating Revenues (Expenses)	<u>2,047,357</u>	<u>(3,089,985)</u>
Income (Loss) Before Other		
Contributions and Distributions	<u>4,146,072</u>	<u>(3,060,887)</u>
Contributions and Distributions		
Equity contributions (net of syndication costs)	-	3,785,996
Distributions	-	(17,120)
Total Contributions and Distributions	<u>-</u>	<u>3,768,876</u>
Change in Net Position	4,146,072	707,989
Net Position - Beginning of Year	<u>58,682,217</u>	<u>66,900,807</u>
Net Position - End of Year	<u>\$ 62,828,289</u>	<u>\$ 67,608,796</u>

See Notes to Financial Statements

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Statement of Cash Flows
 Year Ended December 31, 2017

	Primary Government
Operating Activities	
HUD PHA grants	\$ 11,189,240
Other grants	914,054
Receipts from tenants	3,767,011
Management fee income	605,348
Developer fee income	689,988
Other income	1,141,617
Housing assistance payments	(11,472,750)
Payments to employees	(2,994,363)
Payments to suppliers	(2,083,440)
	<u>1,756,705</u>
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Contributions to equity method investments	(44,106)
Principal payments on long-term debt	(4,179,255)
Proceeds from long-term debt borrowings	2,102,500
Proceeds from construction loan	4,485,835
Interest paid on long-term debt	(1,330,412)
Acquisition of capital assets	(689,973)
	<u>344,589</u>
Net Cash from Capital and Related Financing Activities	
Investing Activities	
Issuance of notes receivable	(5,845,698)
Payments received on notes receivable	193,803
Interest income	1,039,127
	<u>(4,612,768)</u>
Net Cash used for Investing Activities	
Net Change in Cash and Cash Equivalents	(2,511,474)
Cash and Cash Equivalents, Beginning of Year	<u>5,649,928</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,138,454</u>

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Statement of Cash Flows
 Year Ended December 31, 2017

	Primary Government
Reconciliation of Cash and Cash Equivalents	
Cash	\$ 2,551,178
Restricted Cash	587,276
Total Cash and Cash Equivalents	\$ 3,138,454
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 2,098,715
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	1,019,168
Changes in assets and liabilities	
(Increase) decrease in receivables	(440,922)
(Increase) decrease in prepaid expenses	(60,086)
Increase (decrease) in accounts payable	60,162
Increase (decrease) in accrued expenses	24,936
Increase (decrease) in advanced revenues	(961,694)
Increase (decrease) in security deposits payable	18,235
Increase (decrease) in tenant FSS escrow	(1,809)
Net Cash from Operating Activities	\$ 1,756,705
Supplemental Schedule of Noncash Capital and Related Financing Activities	
Noncash sale of property to related party through issuance of notes receivable	\$ 4,370,000

	Kings Row Apartments LLLP	LHA Willow Glen LLC	5100 W Alameda Holdings LLC	MWHS Lamar Station, LLLP	MWHS CityScape LLLP
Assets					
Current Assets					
Cash and cash equivalents	\$ 3,469	\$ 194,984	\$ 28,079	\$ 772,819	\$ 233,074
Restricted cash and cash equivalents	462,202	300,585	309,421	615,731	596,060
Accounts receivable					
Tenants	2,552	6	2,711	4,343	712
Other	251,548	63,468	-	-	-
Prepaid expenses	26,548	13,364	11,694	29,142	30,819
Total Current Assets	746,319	572,407	351,905	1,422,035	860,665
Other Assets, net of accumulated amortization	3,619	2,352	32,796	86,436	83,287
Capital Assets					
Non-depreciable	1,050,000	1,269,931	665,232	1,280,672	2,672,818
Depreciable, net	9,583,323	5,424,758	6,707,763	17,580,446	23,614,025
Total Capital Assets	10,633,323	6,694,689	7,372,995	18,861,118	26,286,843
Total Assets	\$ 11,383,261	\$ 7,269,448	\$ 7,757,696	\$ 20,369,589	\$ 27,230,795
Liabilities and Net Position					
Current Liabilities					
Accounts payable	\$ 33,415	\$ 134,076	\$ -	\$ 23,813	\$ 25,834
Construction payable	-	-	-	-	-
Due to Lakewood Housing Authority	840,193	86,462	-	22,441	77,273
Developer fee payable	-	-	-	-	155,787
Construction note payable to Lakewood Housing Authority	-	-	-	-	-
Accrued liabilities	14,116	13,953	3,586	7,800	8,054
Accrued compensated absences	2,913	2,852	1,065	5,104	9,841
Accrued interest payable	708,519	764,360	-	192,878	501,981
Advanced revenues	1,748	-	85	215	82
Tenant security deposits payable	51,632	21,263	22,150	58,994	51,315
Notes, mortgages and bonds payable - current portion	131,943	50,573	36,094	87,416	147,075
Total Current Liabilities	1,784,479	1,073,539	62,980	398,661	977,242
Long-Term Liabilities					
Developer fee payable - long-term	-	-	-	-	1,094,488
Notes, mortgages and bonds payable - net of current portion	7,139,226	2,906,646	3,918,412	9,046,944	12,508,660
Total Long-Term Liabilities	7,139,226	2,906,646	3,918,412	9,046,944	13,603,148
Total Liabilities	8,923,705	3,980,185	3,981,392	9,445,605	14,580,390
Net Position					
Net investment in capital assets	3,362,154	3,737,470	3,418,489	9,726,758	13,631,108
Unrestricted	(902,598)	(448,207)	357,815	1,197,226	(980,703)
Total Net Position	2,459,556	3,289,263	3,776,304	10,923,984	12,650,405
Total Liabilities and Net Position	\$ 11,383,261	\$ 7,269,448	\$ 7,757,696	\$ 20,369,589	\$ 27,230,795

See Notes to Financial Statements

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Combining Statement of Net Position – Component Units
 December 31, 2017

MWHS Creekside West, LLLP	Paloma Villas III, LLLP	Wolff Street Development LLLP	LHA Maplewood, LLLP	LHA Pierce Street, LLLP	MWHS Fifty Eight Hundred LLLP	Total
\$ 579,787	\$ 27,532	\$ 86,971	\$ 150	\$ 352,814	\$ 26,719	\$ 2,306,398
344,685	108,426	359,157	670,671	256,161	-	4,023,099
15	1,510	160	8,813	877	-	21,699
-	-	-	80,169	-	129	395,314
22,334	11,909	13,505	21,958	24,254	-	205,527
946,821	149,377	459,793	781,761	634,106	26,848	6,952,037
21,250	18,117	16,264	25,469	14,299	-	303,889
1,000,000	905,787	1,417,684	1,410,669	750,000	19,805,068	32,227,861
11,571,030	5,699,291	6,448,244	12,284,752	12,177,254	-	111,090,886
12,571,030	6,605,078	7,865,928	13,695,421	12,927,254	19,805,068	143,318,747
<u>\$ 13,539,101</u>	<u>\$ 6,772,572</u>	<u>\$ 8,341,985</u>	<u>\$ 14,502,651</u>	<u>\$ 13,575,659</u>	<u>\$ 19,831,916</u>	<u>\$ 150,574,673</u>
\$ -	\$ 13,405	\$ 11,707	\$ 97,013	\$ -	\$ 4,333	\$ 343,596
-	-	-	-	-	4,898,971	4,898,971
-	37,500	-	-	5,800	-	1,069,669
87,336	-	-	-	-	771,708	1,014,831
-	-	-	-	-	4,485,835	4,485,835
4,233	3,036	4,810	15,516	12,506	768,648	856,258
2,531	402	1,632	11,324	4,474	-	42,138
709,792	-	-	293,093	1,646,195	35,692	4,852,510
927	780	113	12	50,300	-	54,262
26,346	22,410	28,870	67,002	37,542	-	387,524
48,535	27,240	37,762	60,615	106,893	-	734,146
879,700	104,773	84,894	544,575	1,863,710	10,965,187	18,739,740
66,061	-	-	-	-	-	1,160,549
5,289,181	1,191,143	1,527,333	7,831,044	5,977,136	5,729,863	63,065,588
5,355,242	1,191,143	1,527,333	7,831,044	5,977,136	5,729,863	64,226,137
6,234,942	1,295,916	1,612,227	8,375,619	7,840,846	16,695,050	82,965,877
7,233,314	5,386,695	6,300,833	5,803,762	6,843,225	9,589,370	75,033,178
70,845	89,961	428,925	323,270	(1,108,412)	(6,452,504)	(7,424,382)
7,304,159	5,476,656	6,729,758	6,127,032	5,734,813	3,136,866	67,608,796
<u>\$ 13,539,101</u>	<u>\$ 6,772,572</u>	<u>\$ 8,341,985</u>	<u>\$ 14,502,651</u>	<u>\$ 13,575,659</u>	<u>\$ 19,831,916</u>	<u>\$ 150,574,673</u>

	Kings Row Apartments LLLP	LHA Willow Glen LLC	5100 W Alameda Holdings LLC	MWHS Lamar Station, LLLP	MWHS CityScope LLLP
Operating Revenues					
Rental income	\$ 1,319,753	\$ 633,498	\$ 480,328	\$ 1,188,566	\$ 1,456,352
Other	-	-	-	5,586	3,459
Total operating revenues	1,319,753	633,498	480,328	1,194,152	1,459,811
Operating Expenses					
Administrative salaries and benefits	120,811	81,141	52,587	150,843	171,766
Maintenance salaries and benefits	139,831	58,169	17,595	81,663	80,997
Regular and extraordinary maintenance	194,492	86,901	68,284	94,355	84,068
Other administrative	148,226	77,175	138,203	136,724	173,142
Depreciation and amortization	369,780	232,722	272,736	586,846	849,579
Utilities	76,901	69,712	42,301	102,639	120,664
Insurance	42,474	22,456	20,526	40,133	53,158
Other expenses	16,313	-	9,828	7,424	-
Total operating expenses	1,108,828	628,276	622,060	1,200,627	1,533,374
Operating Income (Loss)	210,925	5,222	(141,732)	(6,475)	(73,563)
Non-Operating Revenues (Expenses)					
Interest income	141	85	30	18	-
Gain (loss) on disposal of property and equipment	17,876	-	-	-	-
Gain (loss) on involuntary conversion of property and equipment	-	42,320	-	(36,048)	-
Interest expense	(371,634)	(175,358)	(78,276)	(313,637)	(724,664)
Total Non-Operating Revenues (Expenses)	(353,617)	(132,953)	(78,246)	(349,667)	(724,664)
Income (Loss) Before Other Contributions and Distributions	(142,692)	(127,731)	(219,978)	(356,142)	(798,227)
Contributions and Distributions					
Equity contributions (net of syndication costs)	-	-	-	-	676,730
Distributions	-	-	(17,120)	-	-
Total Contributions and Distributions	-	-	(17,120)	-	676,730
Change in Net Position	(142,692)	(127,731)	(237,098)	(356,142)	(121,497)
Net Position - Beginning of Year	2,602,248	3,416,994	4,013,402	11,280,126	12,771,902
Net Position - End of Year	\$ 2,459,556	\$ 3,289,263	\$ 3,776,304	\$ 10,923,984	\$ 12,650,405

See Notes to Financial Statements

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units
 Year Ended December 31, 2017

MWHS Creekside West, LLLP	Paloma Villas III, LLLP	Wolff Street Development LLLP	LHA Maplewood, LLLP	LHA Pierce Street, LLLP	MWHS Fifty Eight Hundred LLLP	Total
\$ 758,542	\$ 459,726	\$ 561,925	\$ 1,338,528	\$ 1,097,079	\$ 27,600	\$ 9,321,897
-	5,560	13,502	-	-	-	28,107
<u>758,542</u>	<u>465,286</u>	<u>575,427</u>	<u>1,338,528</u>	<u>1,097,079</u>	<u>27,600</u>	<u>9,350,004</u>
79,959	45,764	63,389	145,569	121,832	-	1,033,661
47,379	41,168	37,296	104,382	61,967	-	670,447
91,673	53,098	84,455	216,304	166,597	-	1,140,227
81,541	55,127	110,212	124,887	133,114	-	1,178,351
400,868	257,440	272,768	402,056	448,521	-	4,093,316
57,523	53,561	68,960	98,540	123,357	-	814,158
39,215	20,948	22,157	39,129	42,966	-	343,162
1,331	761	3,550	8,377	-	-	47,584
<u>799,489</u>	<u>527,867</u>	<u>662,787</u>	<u>1,139,244</u>	<u>1,098,354</u>	<u>-</u>	<u>9,320,906</u>
<u>(40,947)</u>	<u>(62,581)</u>	<u>(87,360)</u>	<u>199,284</u>	<u>(1,275)</u>	<u>27,600</u>	<u>29,098</u>
392	23	107	219	4	-	1,019
-	-	-	-	(34,141)	-	(16,265)
(27,157)	(14,628)	(33,983)	(18,524)	(19,804)	-	(107,824)
<u>(303,736)</u>	<u>(87,711)</u>	<u>(114,858)</u>	<u>(416,236)</u>	<u>(380,805)</u>	<u>-</u>	<u>(2,966,915)</u>
<u>(330,501)</u>	<u>(102,316)</u>	<u>(148,734)</u>	<u>(434,541)</u>	<u>(434,746)</u>	<u>-</u>	<u>(3,089,985)</u>
<u>(371,448)</u>	<u>(164,897)</u>	<u>(236,094)</u>	<u>(235,257)</u>	<u>(436,021)</u>	<u>27,600</u>	<u>(3,060,887)</u>
-	-	-	-	-	3,109,266	3,785,996
-	-	-	-	-	-	(17,120)
-	-	-	-	-	3,109,266	3,768,876
<u>(371,448)</u>	<u>(164,897)</u>	<u>(236,094)</u>	<u>(235,257)</u>	<u>(436,021)</u>	<u>3,136,866</u>	<u>707,989</u>
<u>7,675,607</u>	<u>5,641,553</u>	<u>6,965,852</u>	<u>6,362,289</u>	<u>6,170,834</u>	<u>-</u>	<u>66,900,807</u>
<u>\$ 7,304,159</u>	<u>\$ 5,476,656</u>	<u>\$ 6,729,758</u>	<u>\$ 6,127,032</u>	<u>\$ 5,734,813</u>	<u>\$ 3,136,866</u>	<u>\$ 67,608,796</u>

Note 1 - Nature of Operations and Significant Accounting Policies

General

The Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority) is a corporate body politic created in 1974 and uses available federal, state and local resources to serve the residents of the City of Lakewood, Colorado, and surrounding areas, by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. The Authority owns and operates 1,253 units of affordable housing in Lakewood, Colorado and administers 1,411 housing choice vouchers.

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

Reporting Entity

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

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

Blended Component Unit

Lakewood Housing Corporation is included in the financial reporting entity of the Authority as a blended component unit. Lakewood Housing Corporation was created in December 1978 for the purpose of owning and operating various housing projects in Lakewood, Colorado, and the surrounding area. The sole member of Lakewood Housing Corporation is Metro West Housing Solutions which is able to impose its will on the organization. Accordingly, the activities and ending balances of Lakewood Housing Corporation are reported within the proprietary funds of the Authority.

Discretely Presented Component Units

The component unit column of the combined financial statements includes the financial data of the Authority's discretely presented component units as of December 31, 2017. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

Discretely presented component units consist of the following:

Kings Row Apartments LLLP (Belmar Apartments) was formed for the purpose of owning and operating Belmar Apartments, a 118-unit multifamily housing project in Lakewood, Colorado. The managing general partner of Kings Row Apartments LLLP is wholly owned by the Authority. LHA Kings Row GP, LLC has an ownership percentage of .01%.

LHA Willow Glen LLC (Willow Glen Apartments) was formed for the purpose of owning and operating Willow Glen Apartments, a 70-unit multifamily housing project in Lakewood, Colorado. The managing general partner of LHA Willow Glen LLC is wholly owned by the Authority. LHA Willow Glen Management LLC has an ownership percentage of .01%.

5100 W Alameda Holdings LLC (Los Altos de Alameda) was formed for the purpose of owning and operating Los Altos de Alameda, a 50-unit multifamily housing project in Denver, Colorado. The managing general partner of 5100 W Alameda Holdings LLC is wholly owned by the Authority. MWHS Los Altos LLC has an ownership percentage of .009%.

MWHS Lamar Station, LLLP (Lamar Station Crossing) was formed for the purpose of owning and operating Lamar Station Crossing, a 110-unit multifamily housing project in Lakewood, Colorado. The managing general partner of MWHS Lamar Station, LLLP is wholly owned by the Authority. MWHS Lamar Station, LLC has an ownership percentage of .01%.

MWHS CityScape, LLLP (CityScape at Belmar) was formed for the purpose of owning and operating CityScape at Belmar, a 130-unit multifamily housing project in Lakewood, Colorado. The managing general partner (MWHS CityScape, LLC) and the administrative general partner (Lakewood Housing Corporation) of MWHS CityScape, LLLP are wholly owned by the Authority. MWHS CityScape, LLC and Lakewood Housing Corporation each have an ownership percentage of .005%.

MWHS Creekside West, LLLP (Creekside West) was formed for the purpose of owning and operating Creekside West, an 82-unit multifamily housing project in Lakewood, Colorado. The managing general partner of MWHS Creekside West, LLLP is wholly owned by the Authority. MWHS Creekside West, LLC has an ownership percentage of .01%.

Paloma Villas III, LLLP (Paloma Villas III) was formed for the purpose of owning and operating Paloma Villas III, a 50-unit multifamily housing project in Denver, Colorado. The managing general partner of Paloma Villas III, LLLP is wholly owned by the Authority. MWHS Morrison/Colfax II, LLC has an ownership percentage of .005%.

Wolff Street Development LLLP (Villas at Sloan's Lake) was formed for the purpose of owning and operating Villas at Sloan's Lake, a 63-unit multifamily housing project in Denver, Colorado. The managing general partner of Wolf Street Development LLLP is wholly owned by the Authority. MWHS Morrison/Colfax II, LLC has an ownership percentage of .005%.

LHA Maplewood, LLLP (Maplewood Apartments) was formed for the purpose of owning and operating Maplewood Apartments, a 132-unit multifamily housing project in Lakewood, Colorado. The managing general partner of LHA Maplewood, LLLP is wholly owned by the Authority. LHA Maplewood, LLC has an ownership percentage of .01%.

LHA Pierce Street, LLLP (Residences at Creekside) was formed for the purpose of owning and operating Residences at Creekside, a 118-unit multifamily housing project in Lakewood, Colorado. The managing general partner of LHA Pierce Street, LLLP is wholly owned by the Authority. LHA Pierce Street, LLC has an ownership percentage of .01%.

MWHS Fifty Eight Hundred, LLLP (Fifty Eight Hundred Apartments) was formed for the purpose of owning and operating Fifty Eight Hundred Apartments, a 152-unit multifamily housing project in Lakewood, Colorado. The managing general partner of MWHS Fifty Eight Hundred, LLLP is wholly owned by the Authority. MWHS Fifty Eight Hundred LLC has an ownership percentage of .01%.

Basis of Accounting and Measurement Focus

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Notes and Interest Receivable

Notes and interest receivable are carried at amounts advanced, net of reserve for uncollectable accounts, if any. As of December 31, 2017, the Authority considered all notes and interest receivables to be fully collectable.

Developer Fees Receivable

Developer fees receivable and related interest receivable are carried at the amounts earned but unpaid in accordance with the development agreements with the various entities. As of December 31, 2017, the Authority considered all developer fees and interest receivables to be fully collectable.

Equity Method Investments

Investments in partnerships, limited liability companies, and joint ventures are accounted for under the equity method. Investments are stated as cost less any distributions received.

Capital Assets

Land, buildings and improvements, and equipment are recorded at cost, including indirect development costs. The Authority uses a capitalization threshold of \$5,000. Donated fixed assets are valued at their estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

Land improvements	5-25 years
Buildings and improvements	5-30 years
Equipment	3-10 years

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2017.

Accrued Compensated Absences

The Authority provides paid leave for its regular full-time employees for vacations, holidays, illness and certain other qualifying absences. Employees are limited to a maximum number of hours based upon years of service. These compensated absences are recognized as salary costs in the financial statements when earned. Compensated absences which have been earned but not paid as of year-end have been accrued in the accompanying financial statements. Any accrued vacation amounts are paid out to employees upon termination of employment. Exempt employees hired prior to 1992 will be paid for 50% of accrued sick time upon termination of employment.

The amount of accumulated unpaid leave at December 31, 2017, was \$304,571 for the Authority.

Advanced Revenues

As of December 31, 2017, the Authority's advanced revenues consisted of prepaid rents of \$3,688 and prepaid portability of \$2,044.

Components of Net Position

Components of net position include the following:

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

- Restricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the Statement of Net Position that are subject to restraints on their use by HUD or other outside third party or enabling legislation.
- Unrestricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the Statement of Net Position that are not subject to restraints on their use.

Fraud Recovery

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

Operating Revenues and Expenses

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

Restricted and Unrestricted Resources

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Business and Credit Risk

The Authority provides housing on account to clients which are located in Lakewood and Denver, Colorado.

Budgetary

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

Accounting Estimates

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

Note 2 - Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The general depository agreement required by the annual contract with HUD has additional requirements, which the Authority met in 2017.

Primary Government

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2017, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

Investments

Authorized Investments

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

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2017, investments held by the Authority are held in a local government investment pool totaling \$531,647. These funds are classified as cash and cash equivalents on the Statement of Net Position.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The money market mutual fund and the local government investment pool investment owned by the Authority are rated AAA by Standard & Poor's.

At December 31, 2017, the Authority had \$531,647 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. The Trust has a weighted average maturity to reset (WAM(R)) that is managed at under 60 days.

Note 3 - Restricted Cash

Primary Government

Restricted cash consists of cash and cash equivalents balances restricted for use in the Housing Choice Voucher program; held in escrow to comply with the requirements of HUD programs; held to comply with bond requirements; and held for tenant security deposits.

Note 4 - Notes Receivable

Primary Government

	Principal	Accrued Interest	Total
<u>Notes Receivable from Discretely Presented Component Units:</u>			
5.00% note receivable from Kings Row Apartments LLLP, for the purchase and rehabilitation of Belmar Apartments, loan was funded from Series 2004 bond proceeds with interest rates ranging from 4.22% to 5.59%, due in varying monthly principal and interest installments, with a maturity date of January 2022, secured by a deed of trust and regulatory agreement on the Belmar Apartments property	\$ 5,768,841	\$ -	\$ 5,768,841
5.00% note receivable from Kings Row Apartments LLLP, unpaid principal and interest due December 31, 2021, secured by a deed of trust and security agreement on the Belmar Apartments property	800,000	708,519	1,508,519
0.00% note receivable from Kings Row Apartments LLLP, unpaid principal due January 2022	742,159	-	742,159
3.00% note receivable from LHA Willow Glen LLC, payments due to the extent the Company generates cash flow, remaining principal and accrued interest due December 2020, secured by a deed of trust and security agreement on the Willow Glen property	1,179,895	652,767	1,832,662
3.00% note receivable from LHA Willow Glen LLC, payments due to the extent the Company generates cash flow, remaining principal and accrued interest due December 2020, secured by a deed of trust and security agreement on the Willow Glen property	200,000	111,593	311,593
2.00% note receivable from MWHS Lamar Station, LLLP, principal may be drawn to a total of \$4,112,500, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	3,612,500	76,406	3,688,906
2.00% note receivable from MWHS Lamar Station, LLLP, (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	500,000	41,790	541,790

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Notes to Financial Statements
 December 31, 2017

	Principal	Accrued Interest	Total
2.00% note receivable from MWHS Lamar Station, LLLP, (HOME), payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	750,000	74,682	824,682
4.00% note receivable from MWHS CityScape, LLLP, (County HOME), principal may be drawn to a total of \$900,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	900,000	84,075	984,075
4.00% note receivable from MWHS CityScape, LLLP, (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	500,000	56,305	556,305
4.00% note receivable from MWHS CityScape, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	2,262,836	307,626	2,570,462
7.35% note receivable from MWHS Creekside West, LLLP, due in monthly installments of \$19,196, including interest, through the maturity date of March 2030, secured by a deed of trust and security agreement on the Creekside West property	2,498,354	-	2,498,354
0.00% note receivable from MWHS Creekside West, LLLP (Land Loan) payments due to the extent the Partnership generates cash flow, remaining principal balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	1,000,000	-	1,000,000
4.25% note receivable from MWHS Creekside West, LLLP (Development), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	608,765	230,993	839,758
4.25% note receivable from MWHS Creekside West, LLLP (AHP), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2029, secured by a deed of trust and security agreement on the Creekside West property	300,000	112,689	412,689

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Notes to Financial Statements
 December 31, 2017

	Principal	Accrued Interest	Total
4.25% note receivable from MWHS Creekside West, LLLP (CDOH HOME), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	169,118	669,118
4.25% note receivable from MWHS Creekside West, LLLP (City HOME), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	193,816	693,816
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	1,000,000	48,218	1,048,218
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	105,000	5,063	110,063
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	843,254	40,861	884,115
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	300,000	18,304	318,304
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	500,000	180,647	680,647

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	Principal	Accrued Interest	Total
4.80% note receivable from LHA Pierce Street, LLLP (FHLB-AHP), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	300,000	210,492	510,492
4.80% note receivable from LHA Pierce Street, LLLP (HOME), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	500,579	27,495	528,074
4.80% note receivable from LHA Pierce Street, LLLP (CDOH), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	700,000	463,441	1,163,441
4.80% note receivable from LHA Pierce Street, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	1,123,699	944,767	2,068,466
1.00% note receivable from MWHS Fifty Eight Hundred, LLLP, principal may be drawn to a total of \$800,000, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	759,863	2,468	762,331
1.00% note receivable from MWHS Fifty Eight Hundred, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	600,000	4,011	604,011
1.00% note receivable from MWHS Fifty Eight Hundred, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	4,370,000	29,213	4,399,213
Total Notes Receivable from Discretely Presented Component Units	33,725,745	4,795,359	38,521,104

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	Principal	Accrued Interest	Total
<u>Notes Receivable - Other:</u>			
3.00% note receivable from Fairfield Ridgemoor L.P. for the development and rehabilitation of Ridgemoor Apartments, due in annual installments equal to the lesser of \$30,785 or 75% of the property's residual annual cash flow, unpaid principal and accrued interest due March 2035, secured by a deed of trust on the property	459,783	30,615	490,398
Non-interest-bearing Rental Rehabilitation Program notes receivable, issued for the purpose of rehabilitation of affordable housing, no monthly payments required, loan balance is due when property is sold, secured by a lien on the property	13,126	-	13,126
Total Notes Receivable - Other	472,909	30,615	503,524
Total Notes Receivable	34,198,654	4,825,974	39,024,628
Less current portion	(45,727)	-	(45,727)
Total Notes Receivable, Net of Current Portion	\$ 34,152,927	\$ 4,825,974	\$ 38,978,901

In addition to interest on notes receivable, the Authority charges interest on developer fees receivable from MWHS Creekside West, LLLP. At December 31, 2017, the Authority was owed accrued interest \$57,151 from MWHS Creekside West, LLLP – Note 13.

At December 31, 2017, the balance of accrued interest receivable consisted of the following:

Accrued interest on notes receivable	\$ 4,825,974
Accrued interest on developer fees	57,151
Total interest receivable	\$ 4,883,125

Construction Note Receivable from Discretely Presented Component Unit

The Authority is financing the construction of the MWHS Fifty Eight Hundred project in part with a variable rate note payable to KeyBank National Association (KeyBank) – Note 7. The Authority holds a construction note receivable from MWHS Fifty Eight Hundred totaling \$4,485,835 at December 31, 2017. Terms of the note receivable are the same as the terms of the Authority's corresponding note payable to KeyBank. The construction note receivable is expected to be converted to a long-term note receivable upon the completion of the conditions specified in the note payable agreement with KeyBank. The note receivable may be drawn to a maximum of \$26,333,146. The note receivable is secured by a deed of trust on the Fifty Eight Hundred Apartments property.

Note 5 - Equity Method Investments

At December 31, 2017, the Authority's equity method investments consisted of the following:

Discretely Presented Component Units:

Kings Row Apartments LLLP	\$ 1,204,652
LHA Willow Glen LLC	1,252,753
5100 W Alameda Holdings LLC	773,269
MWHS Lamar Station, LLLP	1,452,512
MWHS CityScape, LLLP	1,200,000
Paloma Villas III, LLLP	421,289
Wolff Street Development LLLP	684,139
LHA Maplewood, LLLP	876
LHA Pierce Street, LLLP	146,401

7,135,891

Other:

Cedars Joint Venture - see (A) below	569,723
Foothills Green, LP - see (B) below	100

569,823

\$ 7,705,714

- (A) The Authority has entered into a joint venture with Jefferson County Housing Authority to purchase and rehabilitate two multifamily housing projects, Cedar Gardens Apartments and Cedar Avenue Apartments. Each partner's investment share is an equal 50/50 split. Profits and losses from the projects' operations are divided equally between the partners.
- (B) The Authority is a special limited partner in Foothills Green, LP, a limited partnership formed to construct an affordable housing project in the City of Lakewood. According to the Partnership agreement, the Authority is not financially obligated to the Partnership except to \$100 as a capital contribution. The Authority may receive cash payments from the Partnership in future years, subject to the availability of net cash flow of the project.

Note 6 - Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2017:

Primary Government

	Balance January 1	Additions	Disposals	Transfers	Balance December 31
Nondepreciable assets					
Land	\$ 13,654,466	\$ -	\$ (2,944,000)	\$ -	\$ 10,710,466
Construction in progress	499,516	376,021	-	-	875,537
Total capital assets not being depreciated	<u>14,153,982</u>	<u>376,021</u>	<u>(2,944,000)</u>	<u>-</u>	<u>11,586,003</u>
Depreciable assets					
Buildings and improvements	31,157,166	2,015,466	(1,463,047)	-	31,709,585
Equipment and furniture	136,006	60,987	-	-	196,993
Total buildings and improvements	<u>31,293,172</u>	<u>2,076,453</u>	<u>(1,463,047)</u>	<u>-</u>	<u>31,906,578</u>
Accumulated depreciation	<u>(6,303,059)</u>	<u>(1,013,968)</u>	<u>173,265</u>	<u>-</u>	<u>(7,143,762)</u>
Total capital assets being depreciated	<u>24,990,113</u>	<u>1,062,485</u>	<u>(1,289,782)</u>	<u>-</u>	<u>24,762,816</u>
Total capital assets, net	<u>\$ 39,144,095</u>	<u>\$ 1,438,506</u>	<u>\$ (4,233,782)</u>	<u>\$ -</u>	<u>\$ 36,348,819</u>

Note 7 - Construction Note Payable

The Authority is financing the construction of the MWHS Fifty Eight Hundred project in part with a variable rate note payable to KeyBank National Association. The construction note is expected to be converted to permanent financing upon the completion of the conditions specified in the note agreement. Interest during construction is calculated at the Adjusted One Month LIBOR Rate plus 1.4% (2.96% at December 31, 2017) with a maximum rate of 12%. The interest rate is reset on a monthly basis. Monthly payments of interest are to be made through the date the loan is converted to permanent financing. Upon conversion, the interest rate is to be set at a fixed rate of 4.89% through the maturity date of May 1, 2035. The note may be drawn to a maximum of \$26,333,146. As of December 31, 2017, the Authority owed principal of \$4,485,835 on this note. The note is secured by a deed of trust and on the Fifty Eight Hundred Apartments property.

Note 8 - Long-Term Debt

During the year ended December 31, 2017, the following changes occurred in long-term debt:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$30,616,815	\$ 2,102,500	\$ (4,179,255)	\$28,540,060	\$ 2,745,386

Long-term debt as of December 31, 2017, consists of the following:

Primary Government

Notes and Mortgages Payable

2.00% note payable, due in quarterly installments of \$93,750, including interest, with a maturity date of May 2018, unsecured	\$ 187,500
3.95% note payable, due in monthly installments of \$26,754, including interest, with a maturity date of May 2024, secured by a deed of trust on the Marston Pointe property	5,228,512
6.25% note payable, due in monthly installments of \$12,314, including interest, with a maturity date of October 2018, by a deed of trust on the Marston Pointe property	1,907,442
3.95% note payable, due in monthly installments of \$47,759, including interest, with a maturity date of May 2024, secured by a deed of trust on the Marston Pointe property	9,310,304
6.00% note payable, due in monthly installments of \$2,856, including interest, with a maturity date of March 2024, secured by a deed of trust on the Belmont Manor property	326,213
4.50% note payable, due in monthly installments of \$10,412, including interest, with a maturity date of September 2023, secured by a deed of trust and assignment of rents on the Paloma I property	1,890,441
4.50% note payable, due in monthly installments of \$5,692, including interest, with a maturity date of September 2023, secured by a deed of trust and assignment of rents on the Paloma II property	1,131,655

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5.45% note payable, interest rate set until May 1, 2024, thereafter adjusted to the index as defined in the loan agreement plus 3% with a floor of 4.5%, due in monthly installments of \$12,167, including interest, with a maturity date of May 2027, secured by a deed of trust on the 5800 W Alameda property	1,731,051
4.50% note payable, due in monthly installments of \$6,211, including interest, with a maturity date of November 2040, secured by a deed of trust on the Van Gordon property	<u>1,058,102</u>
	<u>22,771,220</u>

Bonds Payable:

Series 2004 Multifamily Housing Revenue Bonds, interest at 5.00% percent, varying monthly payments of principal and interest, until January 2022 at which time a balloon payment of \$5,221,049 is due, secured by a deed of trust on the Belmar Apartments property	<u>5,768,840</u>
Total Notes, Mortgages and Bonds Payable	<u><u>\$ 28,540,060</u></u>

The estimated debt requirements to maturity for the year ending December 31, 2017 are as follows:

Primary Government

	Principal	Interest	Total
2018	\$ 2,745,386	\$ 1,259,111	\$ 4,004,497
2019	814,988	1,125,968	1,940,956
2020	849,473	1,090,820	1,940,293
2021	880,805	1,081,498	1,962,303
2022	5,955,206	821,062	6,776,268
2023-2027	16,564,273	1,269,835	17,834,108
2028-2032	231,831	140,830	372,661
2033-2037	291,248	81,413	372,661
2038-2041	206,850	14,205	221,055
	<u>\$ 28,540,060</u>	<u>\$ 6,884,742</u>	<u>\$ 35,424,802</u>

Note 9 - Conduit Debt

The Authority is allowed by State statutes to provide private activity bonding authority to private sector entities for projects that serve the public interest. The Authority has issued Multifamily Housing Revenue Bonds to finance the acquisition and rehabilitation of a 252-unit multifamily housing project known as Mountain View Village Apartments, a 200-unit multifamily housing project known as The Cliffs at Lakewood Apartments, and a 48-unit multifamily housing project known as Kendall Apartments. The bonds are secured by the property being financed and are payable solely from revenues of the property. Upon repayment of the bonds, ownership of the property transfers to the private sector entity. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The original bond issuance was \$32,950,000. At December 31, 2017, the outstanding principal balance of the bonds was \$27,234,913.

Note 10 - Restricted Net Position

As of December 31, 2017, restricted net position was zero.

Note 11 - Annual Contributions Contract

The Authority has an annual contributions contract for housing choice vouchers and adjustments vary based on requirements. The maximum contract was \$10,573,128 for the year ended December 31, 2017.

Note 12 - Employee Pension Plans

Defined Contribution Plan

The Authority has established a 401(a) defined contribution plan for employees. The Authority contributes 10% of each eligible employee's base salary, and each eligible employee contributes 8% of base salary. The plan is administered by Great West Life and Annuity Insurance Company. All full and part-time staff are eligible to participate upon employment. The Authority's contributions for each employee (and earnings allocated to the employee's account) begin to vest with the employee after three years of service and are fully vested after five years of service. Non-vested Authority contributions and earnings thereon for employees who leave employment before five years of service are used to reduce the Authority's contribution requirement.

During 2017, employer contributions to the plan totaled \$328,104.

Deferred Compensation Plan

The Authority has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers Association Retirement Corporation (ICMA-RC). Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years.

Note 13 - Related Party Transactions

Management Fees and Reimbursed Expenses

The Authority has entered into management agreements with the various related entities to provide management services for their respective projects. Under the agreements, the Authority is to be paid management fees totaling 5% of gross monthly collections. In addition, the Authority receives a monthly bookkeeping fee equal to \$4 per unit per month from LHA Willow Glen LLC, 5100 W Alameda Holdings LLC, and MWHS Creekside West, LLLP.

The Authority is periodically reimbursed for various office expenses, property manager payroll and benefits, and other maintenance costs incidental to the operations of the project.

During 2017, the Authority received the following management fees, accounting fees and reimbursed expenses from the various related entities:

	Bookkeeping Fees	Management Fees	Reimbursed Expenses
Kings Row Apartments, LLLP	\$ -	\$ 65,539	\$ 268,300
LHA Willow Glen LLC	3,360	30,399	141,300
5100 W Alameda Holdings LLC	2,400	23,668	69,200
MWHS Lamar Station, LLLP	-	56,677	260,400
MWHS CityScape LLLP	-	73,108	285,600
MWHS Creekside West, LLLP	3,936	36,571	128,000
Paloma Villas III, LLLP	-	22,377	145,500
Wolff Street Development LLLP	-	27,904	117,300
LHA Maplewood, LLLP	-	64,954	253,300
LHA Pierce Street, LLLP	-	52,583	132,300
	<u>\$ 9,696</u>	<u>\$ 453,780</u>	<u>\$ 1,801,200</u>

Developer Fees

MWHS CityScape, LLLP – A developer fee of \$2,534,935 to the Authority has been capitalized as part of the building costs. The developer fee is to be paid out of capital contributions, per the development agreement and any remaining developer fee payable is to be paid from available cash flows. Unpaid developer fee amounts will incur interest at a rate of 4% annually. All unpaid developer fees shall be paid in full on or before December 31, 2030. During 2017, the Partnership paid \$557,406 for developer fees. As of December 31, 2017, the Partnership owed \$1,250,275 to the Authority for developer fees. During 2017, interest of \$53,975 was incurred on the remaining developer fee payable. At December 31, 2017, the Partnership owed \$53,975 for accrued interest on the developer fees.

MWHS Creekside West, LLLP – A developer fee of \$1,531,052 was capitalized as part of the building costs. During 2017, the Partnership paid \$18,128 on the deferred developer fee and \$3,942 in interest on the deferred developer fee. As of December 31, 2017, the Partnership owed \$153,397 for deferred developer fees. The remaining balance is expected to be paid from available cash flow. All unpaid principal and interest due on the 13th anniversary of the completion date. The deferred developer fee bears an interest rate at the long-term applicable federal rate (AFR) (2.64% as of December 31, 2017), compounding annually. During 2017, the Partnership incurred interest of \$3,176 on the deferred developer fee. As of December 31, 2017, the Partnership owed \$3,176 for accrued interest.

MWHS Fifty Eight Hundred, LLLP – A developer fee of \$3,858,544 is expected to be earned by the Authority in connection with the services provided in the development of the Fifty Eight Hundred Apartments project. At December 31, 2017, the Partnership owed developer fees of \$771,708 to the Authority for services provided by the Authority during 2017. These fees are capitalized as part of construction in progress in the accompanying financial statements. A portion of earned developer fees is expected to be paid to the Authority from loan and syndication proceeds. The remainder of unpaid developer fees is expected to be paid from available cash flow through a promissory note to the Authority upon completion of the project.

Notes Payable

The Authority has entered into multiple loan agreements with the related entities. Provisions of the notes and balances of interest receivable/payable are detailed in Notes 4 and 8. During 2017, the related entities incurred the following interest amounts on the related party notes:

Kings Row Apartments, LLLP	\$ 363,668
LHA Willow Glen LLC	62,454
MWHS Lamar Station, LLLP	103,222
MWHS CityScape LLLP	158,032
MWHS Creekside West, LLLP	294,524
LHA Maplewood, LLLP	144,802
LHA Pierce Street, LLLP	198,902
MWHS Fifty Eight Hundred, LLLP	35,692
	\$ 1,361,296

Partnership/Company Management Fees

Kings Row Apartments LLLP - Pursuant to the partnership agreement, the Partnership is to pay the Authority an annual, cumulative fee equal of \$25,000, increasing 3% each year. Amounts are paid out of available cash flow. For the year ended December 31, 2017, the Partnership incurred \$35,644 in partnership management fees. As of December 31, 2017, the Partnership owed \$390,449 for this fee.

LHA Willow Glen LLC – Pursuant to the operating agreement, the Company is to pay the Authority an annual fee equal to the lesser of (i) \$35,000 (which shall increase at 3% per annum) and (ii) the remaining gross cash receipts from operations, pursuant to section 5.1 of the operating agreement, for services provided in managing the business of the Company. The Company did not incur or pay any company management fees during 2017.

LHA Pierce Street, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership management fee equal to \$5,000, adjusted annually by the annual percentage increase in CPI. During 2017, the Partnership incurred asset management fees of \$5,919. As of December 31, 2017, the Partnership owed \$5,800 for this fee.

Partnership Administration Fee

MWHS Lamar Station, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership administration fee equal to \$20,537, increasing annually by 3%. During 2017, the Partnership incurred partnership administration fees of \$22,441. As of December 31, 2017, the Partnership owed \$22,441 to the Authority for this fee.

MWHS CityScape, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership administration fee equal to \$25,000, increasing annually by 3%. During 2017, the Partnership incurred partnership administration fees of \$26,522. As of December 31, 2017, the Partnership owed \$77,272 to the Authority for this fee.

Paloma Villas III, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority an annual, cumulative fee equal to \$25,000, increasing 3% each year. Amounts are paid out of available cash flow; however, if cash flow is not available, the fee will accumulate but will only be expensed in the year it was paid. For the year ended December 31, 2017, the Partnership did not incur or pay any partnership administration fees to the Authority.

Wolff Street Development LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority an annual, cumulative fee, equal to \$40,000, increasing 3% each year. Amounts are paid out of available cash flow. The fee will not be accrued but will be expensed in the year paid. For the year ended December 31, 2017, the Partnership incurred and paid \$43,944 to the Authority.

Operating Deficit Guaranty

Kings Row Apartments LLLP – Pursuant to the operating deficit guaranty, the Authority agreed to loan the Partnership \$519,744. Operating deficit loans are to be repaid as defined in the partnership agreement. During 2017, the Partnership paid \$70,000 on the operating deficit loans from available cash. As of December 31, 2017, the Partnership owed \$449,744 to the Authority for operating deficit loans.

Incentive Management Fee

LHA Willow Glen LLC – Pursuant to the operating agreement, the Company is to pay the Authority a non-cumulative fee equal to 80% of remaining gross cash receipts from operations, pursuant to section 5.1 of the operating agreement, for services provided in managing the business of the Company. The incentive management fee shall not exceed \$35,000 per year. During 2017, no incentive management fee was paid.

5100 W Alameda Holdings LLC – Pursuant to the operating agreement, the Company is to pay the Authority a non-cumulative fee equal to 80% of net cash flow available, as defined in the operating agreement, for services provided in managing the business of the Company. During 2017, the Company paid incentive management fees of \$68,480 to the Authority.

Due to Related Party

LHA Willow Glen LLC - The Authority loaned the Company funds to help pay for development costs. The loan is noninterest bearing and shall be paid out of cash flow as defined in the operating agreement. As of December 31, 2017, \$86,462 remained payable to the Authority.

Paloma Villas III, LLLP - The Authority made advances to the Partnership to fund major improvements to the building. As of December 31, 2017, the Partnership owed the Authority \$37,500 for the advances, which are expected to be repaid from available cash flow.

Distributions

Paloma Villas III, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the partners annual distributions to the extent of available cash flow. The Partnership paid no distributions to the Authority in 2017.

Note 14 - Commitments and Contingencies

During 2015, the Authority received funding in the amount of \$500,000 from Jefferson County, Colorado (the County), the proceeds of which were loaned to CityScape at Belmar. If the Authority or CityScape at Belmar should fail to meet certain requirements of providing affordable housing below market rates to low-income persons as provided in the funding agreement through November 30, 2035, it is possible that the Authority would have to return the funds to the County.

During 2017, the Authority received funding in the amount of \$600,000 from the County, the proceeds of which were loaned to Fifty Eight Hundred Apartments. If the Authority or Fifty Eight Hundred Apartments should fail to meet certain requirements of providing affordable housing below market rates to low-income persons as provided in the funding agreement through March 31, 2039, it is possible that the Authority would have to return the funds to the County.

Since the possibility that the Authority would fail to meet these requirements is remote, these contingencies are not reported as liabilities in the financial statements.

Note 15 - Condensed Component Unit Information

Condensed component unit information for Lakewood Housing Corporation, the Authority's blended component unit, for the year ended December 31, 2017, is as follows:

Condensed Statement of Net Position

ASSETS	
Current Assets	\$ 5,213,378
Equity in Partnerships	1,105,428
Capital Assets	<u>6,377,508</u>
Total Assets	<u>\$ 12,696,314</u>
LIABILITIES	
Current Liabilities	\$ 178,686
Noncurrent Liabilities	<u>2,915,047</u>
Total Liabilities	3,093,733
NET POSITION	<u>9,602,581</u>
Total Liabilities and Net Position	<u>\$ 12,696,314</u>

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

OPERATING REVENUES	
Tenant rent	\$ 707,905
Management fees	-
Other	256,716
Total Operating Revenues	964,621
OPERATING EXPENSES	
Administrative	325,715
Maintenance	198,080
Depreciation	266,750
Utilities	77,416
Insurance	30,399
Other	16,095
Total Operating Expenses	914,455
OPERATING INCOME	50,166
NONOPERATING INCOME (EXPENSE)	
Interest income	2,794
Loss on disposal of capital assets	(191,646)
Interest expense	(139,733)
Total Nonoperating Expense	(328,585)
Change in net position	(278,419)
NET POSITION, Beginning of year	9,881,000
NET POSITION, End of year	\$ 9,602,581

Condensed Statement of Cash Flows

NET CASH FROM:	
Operating activities	\$ 229,837
Capital and related financing activities	(268,863)
Investing activities	(1,643,638)
Net decrease in cash and cash equivalents	(1,682,664)
CASH AND CASH EQUIVALENTS, Beginning of year	3,426,250
CASH AND CASH EQUIVALENTS, End of year	\$ 1,743,586

Note 16 - Discretely Presented Component Units

Accrued Compensated Absences

The amount of accumulated unpaid leave at December 31, 2017, was \$42,138 for the discretely presented component units.

Advanced Revenues

At December 31, 2017, the discretely presented component units' advanced revenue consisted of prepaid rents of \$3,980 and deferred grant revenue of \$50,282.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the deposits of the discretely presented component units may not be returned to the entities. As of December 31, 2017, the deposits of the discretely presented component units were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

Restricted Cash

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

Capital Assets

The following is a summary of property, structures and equipment for the year ended December 31, 2017:

Land	\$ 11,841,856
Construction in progress	20,386,005
Land improvements	2,939,399
Building and improvements	131,258,776
Solar equipment	495,610
Furniture and equipment	4,310,855
	171,232,501
Accumulated depreciation	(27,913,754)
	\$ 143,318,747

Long-Term Debt

Long-term debt as of December 31, 2017, consists of the following:

Notes and Mortgages Payable

	Principal	Accrued Interest	Total
<u>Notes and Mortgages Payable to Primary Government:</u>			
5.00% note payable to the Authority, for the purchase and rehabilitation of Belmar Apartments, loan was funded from Series 2004 bond proceeds with interest rates ranging from 4.22% to 5.59%, due in varying monthly principal and interest installments, with a maturity date of January 2022, secured by a deed of trust and regulatory agreement on the Belmar Apartments property, net of unamortized debt issuance costs of \$39,831, based upon effective interest rate of 5.18%	\$ 5,729,010	\$ -	\$ 5,729,010
5.00% note payable to the Authority, unpaid principal and interest due December 31, 2021, secured by a deed of trust and security agreement on the Belmar Apartments property	800,000	708,519	1,508,519
0.00% note payable to the Authority, unpaid principal due January 2022	742,159	-	742,159
3.00% note payable to the Authority, payments due from cash flow, remaining principal and interest due December 31, 2020, secured by a deed of trust and security agreement on the Willow Glen Apartments property	1,179,895	652,767	1,832,662
3.00% note payable to the Authority, payments due from cash flow, remaining principal and interest due December 31, 2020, secured by a deed of trust and security agreement on the Willow Glen Apartments property	200,000	111,593	311,593
2.00% note payable to the Authority, principal may be drawn to a total of \$4,112,500, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	3,612,500	76,406	3,688,906

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December 31, 2017

	Principal	Accrued Interest	Total
2.00% note payable to the Authority, (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	500,000	41,790	541,790
2.00% note payable to the Authority, (HOME), payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	750,000	74,682	824,682
4.00% note payable to the Authority (County HOME), principal may be drawn to a total of \$900,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	900,000	84,075	984,075
4.00% note payable to the Authority (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	500,000	56,305	556,305
4.00% note payable to the Authority, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	2,262,836	307,626	2,570,462
7.35% note payable to the Authority, due in monthly installments of \$19,196, including interest, through the maturity date of March 2030, secured by a deed of trust and security agreement on the Creekside West property, net of unamortized debt issuance costs of \$69,403, based upon effective interest rate of 8.01%	2,428,951	-	2,428,951
0.00% note payable to the Authority (Land Loan), payments due from cash flow, remaining principal due December 2040, secured by a deed of trust and security agreement on the Creekside West property	1,000,000	-	1,000,000
4.25% note payable to the Authority (Development), payments due from cash flow, unpaid principal and interest due December 2040, secured by a deed of trust and security agreement on the Creekside West property	608,765	230,993	839,758

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Notes to Financial Statements
 December 31, 2017

	Principal	Accrued Interest	Total
4.25% note payable to the Authority (AHP), payments due from cash flow, unpaid principal and interest due December 2029, secured by a deed of trust and security agreement on the Creekside West property	300,000	112,689	412,689
4.25% note payable to the Authority (CDOH HOME), payments due from cash flow, unpaid principal and interest due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	169,118	669,118
4.25% note payable to the Authority (City HOME), payments due from cash flow, unpaid principal and interest due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	193,816	693,816
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	1,000,000	48,218	1,048,218
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	105,000	5,063	110,063
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	843,254	40,861	884,115
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	300,000	18,304	318,304
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	500,000	180,647	680,647
4.80% note payable to the Authority (FHLB-AHP), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside West property	300,000	210,492	510,492

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Notes to Financial Statements
 December 31, 2017

	Principal	Accrued Interest	Total
4.80% note payable to the Authority (HOME), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	500,579	27,495	528,074
4.80% note payable to the Authority (CDOH), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	700,000	463,441	1,163,441
4.80% note payable to the Authority (Development), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	1,123,699	944,767	2,068,466
1.00% note payable to the Authority, principal may be drawn to a total of \$800,000, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	759,863	2,468	762,331
1.00% note payable to the Authority, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	600,000	4,011	604,011
1.00% note payable to the Authority, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	4,370,000	29,213	4,399,213
Total Notes Payable to Primary Government:	33,616,511	4,795,359	38,411,870

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Notes to Financial Statements
 December 31, 2017

Notes and Mortgages Payable - Other:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
5.05% note payable to First Bank, due in monthly installments of \$51,716, including interest, through the maturity date of September 2034, secured by a deed of trust on the CityScape at Belmar property, net of unamortized debt issuance costs of \$319,516, based on effective interest rate of 5.43%	8,992,898	-	8,992,898
6.85% mortgage note payable to U.S. Bank NA, due in monthly installments of \$13,238, including interest, with a maturity date of December 10, 2022, secured by a deed of trust and security agreement on the Willow Glen Apartments property, net of unamortized debt issuance costs of \$4,804 based upon effective interest rate of 7.08%	1,577,324	-	1,577,324
0.00% TCAP note payable to Colorado Housing and Finance Authority, unpaid principal due January 2041, secured by a deed of trust on the Los Altos de Alameda property, net of unamortized debt issuance costs of \$27,093 based upon effective interest rate of 0.06%	2,191,224	-	2,191,224
4.00% note payable to First Bank, due in monthly installments of \$9,043, including interest, through the maturity date of September 2027, secured by a deed of trust on the Los Altos de Alameda property, net of unamortized debt issuance costs of \$38,380 based upon effective interest rate of 4.39%	1,763,282	-	1,763,282
4.55% mortgage note payable to FirstBank of Colorado, due in monthly installments of \$24,141, including interest, with a maturity date of June 2032, secured by a deed of trust, security agreement, and assignment of rents on the Lamar Station Crossing property, net of unamortized debt issuance costs of \$141,114 based upon effective interest rate of 5.01%	4,271,860	-	4,271,860
6.85% note payable to Colorado Housing and Finance Authority, due in monthly installments of \$9,285, including interest, through the maturity date of January 2029, secured by a deed of trust on the Paloma Villas III property, net of unamortized debt issuance costs of \$20,650 based upon effective interest rate of 7.13%	1,218,383	-	1,218,383
6.875% note payable to Colorado Housing and Finance Authority, due in monthly installments of \$12,219, including interest, through the maturity date of April 2028, secured by a deed of trust on the Villas at Sloan's Lake property, net of unamortized debt issuance costs of \$35,489, based upon effective interest rate of 7.27%	1,565,095	-	1,565,095

Housing Authority of the City of Lakewood
dba Metro West Housing Solutions
Notes to Financial Statements
December 31, 2017

	Principal	Accrued Interest	Total
6.70% note payable to Colorado Housing and Finance Authority (Mortgage 1), due in monthly installments of \$25,027, including interest, through the maturity date of June 2027, secured by a deed of trust, security agreement, financing statement, and an assignment of rents and leases on the Maplewood Apartments property, net of unamortized debt issuance costs of \$19,563, based upon effective interest rate of 6.80%	3,745,132	-	3,745,132
3.00% note payable to Colorado Housing and Finance Authority (Mortgage 2), due in monthly installments of \$2,117, including interest, through the maturity date of June 2027, secured by a deed of trust, security agreement, financing statement, and an assignment of rents and leases on the Maplewood Apartments property net of unamortized debt issuance costs of \$2,657, based upon effective interest rate of 3.09%	471,662	-	471,662
0.00% TCAP note payable to Colorado Housing and Finance Authority, principal due September 2028, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property, net of unamortized debt issuance costs of \$4,498, based upon effective interest rate of .06%	926,611	-	926,611
4.95% note payable to First Bank of Colorado, due in monthly installments of \$23,224, including interest, through the maturity date of January 2026, secured by a deed of trust and security agreement on the Residences at Creekside property, net of unamortized debt issuance costs of \$50,400, based upon effective interest rate of 5.28%	3,459,752	-	3,459,752
Total Notes Payable - Other:	30,183,223	-	30,183,223
Total Notes and Mortgages Payable	63,799,734	4,795,359	68,595,093
Less current portion	(734,146)	-	(734,146)
Total Notes Payable, Net of Current Portion	<u>\$ 63,065,588</u>	<u>\$ 4,795,359</u>	<u>\$ 67,860,947</u>

At December 31, 2017, the balance of accrued interest payable for the discretely presented component units consisted of the following:

Accrued interest on notes payable	\$ 4,795,359
Accrued interest on developer fees - Notes 4 and 12	<u>57,151</u>
Total accrued interest payable	<u>\$ 4,852,510</u>

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Notes to Financial Statements
 December 31, 2017

The estimated debt requirements to maturity for the year ending December 31, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 734,146	\$ 2,519,685	\$ 3,253,831
2019	832,462	2,431,437	3,263,899
2020	2,346,264	3,260,644	5,606,908
2021	1,814,460	3,197,123	5,011,583
2022	8,134,398	1,967,683	10,102,081
Thereafter	50,711,402	38,469,542	89,180,944
Unamortized debt issuance costs	<u>(773,398)</u>	<u>-</u>	<u>(773,398)</u>
Total	<u>\$ 63,799,734</u>	<u>\$ 51,846,114</u>	<u>\$ 115,645,848</u>



Supplementary Information
December 31, 2017

**Housing Authority of the City of
Lakewood**

dba

Metro West Housing Solutions

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	Community Development Block Grants 14,218	Housing Choice Vouchers 14,871	HOME Investment Partnership Program 14,239	Lakewood Housing Corporation
Assets				
Cash and cash equivalents	\$ -	\$ 1,030,080	\$ 42,932	\$ 1,477,791
Restricted cash and cash equivalents	-	4,709	-	265,795
Accounts receivable				
Tenants	-	11,498	-	1,260
Other	-	24,997	832	215,974
Developer Fees	-	-	-	-
Due from discretely presented component units	-	-	-	37,500
Grant receivable	-	-	-	-
Construction note receivable from discretely presented component units	-	-	-	-
Interprogram receivable	-	-	-	3,194,561
Prepaid expenses	-	8,839	-	15,301
Notes receivable-current portion	-	-	-	-
Other assets	-	-	-	5,196
Total current assets	<u>-</u>	<u>1,080,123</u>	<u>43,764</u>	<u>5,213,378</u>
Accrued interest receivable - long-term	-	-	-	-
Developer fees receivable - long-term	-	-	-	-
Equity in partnerships	-	-	-	1,105,428
Notes receivable, net	-	-	-	-
Non-depreciable capital assets	-	-	-	942,245
Depreciable capital assets, net	-	-	-	5,435,263
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,482,936</u>
Total assets	<u>\$ -</u>	<u>\$ 1,080,123</u>	<u>\$ 43,764</u>	<u>\$ 12,696,314</u>
Liabilities and Net Position				
Liabilities				
Accounts payable	\$ 2,718	\$ 8,092	\$ -	\$ 22,272
Interprogram payable	199,701	-	-	-
Construction loan payable	-	-	-	-
Accrued liabilities	-	-	-	-
Accrued compensated absences	1,755	48,636	-	14,665
Accrued interest payable	-	-	-	-
Advanced revenues	-	2,044	-	1,359
Tenant security deposits payable	-	-	-	33,340
Notes, mortgages and bonds payable - current	-	-	-	107,050
Total current liabilities	<u>204,174</u>	<u>58,772</u>	<u>-</u>	<u>178,686</u>
Noncurrent Liabilities				
Tenants FFS escrow	-	4,709	-	-
Notes, mortgages and bonds payable - net of current portion	-	-	-	2,915,047
Total noncurrent liabilities	<u>-</u>	<u>4,709</u>	<u>-</u>	<u>2,915,047</u>
Total liabilities	<u>204,174</u>	<u>63,481</u>	<u>-</u>	<u>3,093,733</u>
Net Position				
Net investment in capital assets	-	-	-	3,355,411
Restricted	-	-	-	-
Unrestricted	<u>(204,174)</u>	<u>1,016,642</u>	<u>43,764</u>	<u>6,247,170</u>
Total net position	<u>(204,174)</u>	<u>1,016,642</u>	<u>43,764</u>	<u>9,602,581</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ 1,080,123</u>	<u>\$ 43,764</u>	<u>\$ 12,696,314</u>

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Combining Statement of Net Position
 December 31, 2017

Business Activities	Total	Elimination of Intercompany Activity	Total
\$ 375	\$ 2,551,178	\$ -	\$ 2,551,178
316,772	587,276	-	587,276
9,179	21,937	-	21,937
2,687,399	2,929,202	(1,219,500)	1,709,702
1,014,831	1,014,831	-	1,014,831
1,032,169	1,069,669	-	1,069,669
600,000	600,000	-	600,000
4,485,835	4,485,835	-	4,485,835
-	3,194,561	(3,194,561)	-
148,143	172,283	-	172,283
45,727	45,727	-	45,727
-	5,196	-	5,196
<u>10,340,430</u>	<u>16,677,695</u>	<u>(4,414,061)</u>	<u>12,263,634</u>
4,883,125	4,883,125	-	4,883,125
1,160,549	1,160,549	-	1,160,549
6,600,286	7,705,714	-	7,705,714
34,152,927	34,152,927	-	34,152,927
10,643,758	11,586,003	-	11,586,003
19,327,553	24,762,816	-	24,762,816
<u>76,768,198</u>	<u>84,251,134</u>	<u>-</u>	<u>84,251,134</u>
<u>\$ 87,108,628</u>	<u>\$ 100,928,829</u>	<u>\$ (4,414,061)</u>	<u>\$ 96,514,768</u>
\$ 1,370,443	\$ 1,403,525	\$ (1,219,500)	\$ 184,025
2,994,860	3,194,561	(3,194,561)	-
4,485,835	4,485,835	-	4,485,835
266	266	-	266
239,515	304,571	-	304,571
-	-	-	-
2,329	5,732	-	5,732
127,941	161,281	-	161,281
2,638,336	2,745,386	-	2,745,386
<u>11,859,525</u>	<u>12,301,157</u>	<u>(4,414,061)</u>	<u>7,887,096</u>
-	4,709	-	4,709
<u>22,879,627</u>	<u>25,794,674</u>	<u>-</u>	<u>25,794,674</u>
<u>22,879,627</u>	<u>25,799,383</u>	<u>-</u>	<u>25,799,383</u>
<u>34,739,152</u>	<u>38,100,540</u>	<u>(4,414,061)</u>	<u>33,686,479</u>
4,453,348	7,808,759	-	7,808,759
-	-	-	-
47,916,128	55,019,530	-	55,019,530
<u>52,369,476</u>	<u>62,828,289</u>	<u>-</u>	<u>62,828,289</u>
<u>\$ 87,108,628</u>	<u>\$ 100,928,829</u>	<u>\$ (4,414,061)</u>	<u>\$ 96,514,768</u>

	Community Development Block Grants 14.218	Housing Choice Vouchers 14.871	HOME Investment Partnership Program 14.239	Lakewood Housing Corporation
Operating Revenues				
HUD PHA grants	\$ -	\$ 12,116,509	\$ -	\$ -
Other grants	40,000	-	1,474,054	-
Rental income	-	-	-	707,905
Management fees	-	-	-	-
Developer fee income	-	-	-	-
Other	6,647	33,472	-	256,716
Total Operating Revenues	<u>46,647</u>	<u>12,149,981</u>	<u>1,474,054</u>	<u>964,621</u>
Operating Expenses				
Housing assistance payments	-	11,358,211	114,539	-
Administrative salaries and benefits	82,039	521,643	-	228,805
Maintenance salaries and benefits	-	-	-	74,634
Regular and extraordinary maintenance	-	35,910	-	123,446
Other administrative	17,414	192,707	-	96,910
Depreciation	-	-	-	266,750
Utilities	-	-	-	77,416
Insurance	1,366	20,260	-	30,399
Other	25,233	68,308	888	16,095
Total Operating Expenses	<u>126,052</u>	<u>12,197,039</u>	<u>115,427</u>	<u>914,455</u>
Operating Income (Loss)	<u>(79,405)</u>	<u>(47,058)</u>	<u>1,358,627</u>	<u>50,166</u>
Non-Operating Revenues (Expenses)				
Interest income	-	581	-	2,794
Gain on equity method investments	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	(191,646)
Interest expense	-	-	-	(139,733)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>581</u>	<u>-</u>	<u>(328,585)</u>
Income (Loss) Before Transfers	(79,405)	(46,477)	1,358,627	(278,419)
Interprogram transfers	-	-	(1,359,863)	-
Change in Net Position	(79,405)	(46,477)	(1,236)	(278,419)
Net Position - Beginning of Year	<u>(124,769)</u>	<u>1,063,119</u>	<u>45,000</u>	<u>9,881,000</u>
Net Position - End of Year	<u>\$ (204,174)</u>	<u>\$ 1,016,642</u>	<u>\$ 43,764</u>	<u>\$ 9,602,581</u>

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Combining Statement of Revenues, Expenses and Changes in Net Position
 Year Ended December 31, 2017

Business Activities	Total	Elimination of Intercompany Activity	Total
\$ -	\$ 12,116,509	\$ -	\$ 12,116,509
-	1,514,054	-	1,514,054
3,050,232	3,758,137	-	3,758,137
753,356	753,356	(192,646)	560,710
886,162	886,162	-	886,162
567,041	863,876	(6,000)	857,876
<u>5,256,791</u>	<u>19,892,094</u>	<u>(198,646)</u>	<u>19,693,448</u>
-	11,472,750	-	11,472,750
1,970,149	2,802,636	-	2,802,636
142,035	216,669	-	216,669
456,189	615,545	-	615,545
634,054	941,085	(198,646)	742,439
752,418	1,019,168	-	1,019,168
226,599	304,015	-	304,015
133,785	185,810	-	185,810
125,177	235,701	-	235,701
<u>4,440,406</u>	<u>17,793,379</u>	<u>(198,646)</u>	<u>17,594,733</u>
<u>816,385</u>	<u>2,098,715</u>	<u>-</u>	<u>2,098,715</u>
1,446,435	1,449,810	-	1,449,810
29,239	29,239	-	29,239
2,090,366	1,898,720	-	1,898,720
(1,190,679)	(1,330,412)	-	(1,330,412)
<u>2,375,361</u>	<u>2,047,357</u>	<u>-</u>	<u>2,047,357</u>
3,191,746	4,146,072	-	4,146,072
<u>1,359,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,551,609	4,146,072	-	4,146,072
<u>47,817,867</u>	<u>58,682,217</u>	<u>-</u>	<u>58,682,217</u>
<u>\$ 52,369,476</u>	<u>\$ 62,828,289</u>	<u>\$ -</u>	<u>\$ 62,828,289</u>



Single Audit
December 31, 2017

Housing Authority of the City of Lakewood

dba

Metro West Housing Solutions

Housing Authority of the City of Lakewood
 dba Metro West Housing Solutions
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2017

<u>Federal Agency/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs</i>			
Section 8 Housing Choice Vouchers Program	14.871		<u>\$ 12,139,668</u>
<i>Passed Through Colorado Department of Local Affairs</i>			
HOME Investment Partnership Program	14.239	H6HOM15082	114,539
<i>Passed Through State of Colorado</i>			
HOME Investment Partnership Program	14.239	17-046	759,863
<i>Passed Through Jefferson County</i>			
HOME Investment Partnership Program	14.239	CC16-149	<u>600,000</u>
Total 14.239			<u>1,474,402</u>
<i>Passed Through City of Lakewood</i>			
Community Development Block Grant (CDBG)	14.218	15-09011	<u>40,000</u>
Total U.S. Department of Housing and Urban Development			<u>13,654,070</u>
Total Federal Expenditures			<u><u>\$ 13,654,070</u></u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. The Housing Authority of the City of Lakewood dba Metro West Housing Solutions received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note B – Significant Accounting Policies

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

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



CPAs & BUSINESS ADVISORS

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

To the Board of Commissioners
Housing Authority of the City of Lakewood
dba Metro West Housing Solutions
Lakewood, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 23, 2018. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho
May 23, 2018



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

To the Board of Commissioners
Housing Authority of the City of Lakewood
dba Metro West Housing Solutions
Lakewood, Colorado

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

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.



Boise, Idaho
May 23, 2018

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

**2017-001 Department of Housing and Urban Development
CFDA #14.871 direct program
Section 8 Housing Choice Vouchers**

Compliance Requirement: Special Tests and Provision

Type of Finding: Significant deficiency in internal control over compliance.

Criteria: The PHA or owner must provide housing that is decent, safe, and sanitary. To achieve this end, the PHA must perform housing quality inspections at the time of initial occupancy and at least bi-annually thereafter to assure that the units are decent, safe, and sanitary. Further, any inspection that fails is to be remediated within 30 days of failed inspection date requires abatement of the HAP.

Condition: The Authority did not have sufficient controls in place to ensure the required housing quality inspection was performed on a bi-annual basis as required on one of the units selected for testing.

Cause: The Authority's internal control system failed to notice a re-inspection date was missing from their tenant tracking system.

Effect: Lack of performance of inspections within the specified time frame creates potential for unallowable HAP payments and potential life-threatening conditions that go unresolved and create the potential for the abatement of HAP.

Questioned Costs: None reported

Context/Sampling: A non-statistical sample of 60 voucher payments out of approximately 1,100 voucher payments were selected for testing of HQS inspections on the related housing unit.

Repeat Finding from Prior Year(s): Yes

Recommendation: Eide Bailly (EB) recommends the Authority implement internal controls to ensure scheduling of inspections occurs and such inspections are documented, indicating compliance with the program requirements. EB also recommends that the Specialists ensure whether or not an inspection should be completed during re-certification processes rather than relying completely on the system generating an accurate report showing which inspections need to be completed.

Views of Responsible Officials: We concur with the finding as stated.

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
111 Cash - Unrestricted		\$1,030,080	\$2,306,398	\$1,477,791	\$42,932
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$4,709	\$3,635,575	\$232,455	
114 Cash - Tenant Security Deposits			\$387,524	\$33,340	
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$1,034,789	\$6,329,497	\$1,743,586	\$42,932
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects		\$23,887			
124 Accounts Receivable - Other Government		\$285			\$802
125 Accounts Receivable - Miscellaneous		\$825	\$395,314	\$253,474	\$30
126 Accounts Receivable - Tenants		\$11,498	\$21,699	\$1,260	
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0	\$0	
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0
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	\$0	\$36,495	\$417,013	\$254,734	\$832
131 Investments - Unrestricted				\$1,105,428	
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets		\$8,839	\$205,527	\$15,301	
143 Inventories					

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From				\$3,194,561	
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$1,080,123	\$6,952,037	\$6,313,610	\$43,764
161 Land			\$11,841,856	\$804,449	
162 Buildings			\$134,198,175	\$8,982,890	
163 Furniture, Equipment & Machinery - Dwellings			\$4,806,465		
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements					
166 Accumulated Depreciation			-\$27,913,754	-\$3,547,627	
167 Construction in Progress			\$20,386,005	\$137,796	
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$143,318,747	\$6,377,508	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets			\$303,889	\$5,196	
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$0	\$143,622,636	\$6,382,704	\$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,080,123	\$150,574,673	\$12,696,314	\$43,764

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
311 Bank Overdraft			\$0		
312 Accounts Payable <= 90 Days	\$2,718	\$8,092	\$5,242,567	\$22,272	
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion	\$1,755	\$48,636	\$42,138	\$14,665	
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$4,852,510		
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits			\$387,524	\$33,340	
342 Unearned Revenue		\$2,044	\$54,262	\$1,359	
343 Current Portion of Long-term Debt - Capital			\$5,219,981	\$107,050	
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities			\$2,940,758		
346 Accrued Liabilities - Other					
347 Inter Program - Due To	\$199,701				
348 Loan Liability - Current					
310 Total Current Liabilities	\$204,174	\$58,772	\$18,739,740	\$178,686	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			\$63,065,588	\$2,915,047	
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other		\$4,709	\$1,160,549		
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$4,709	\$64,226,137	\$2,915,047	\$0
300 Total Liabilities	\$204,174	\$63,481	\$82,965,877	\$3,093,733	\$0
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets		\$0	\$75,033,178	\$3,355,411	
511.4 Restricted Net Position		\$0			
512.4 Unrestricted Net Position	-\$204,174	\$1,016,642	-\$7,424,382	\$6,247,170	\$43,764
513 Total Equity - Net Assets / Position	-\$204,174	\$1,016,642	\$67,608,796	\$9,602,581	\$43,764
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$0	\$1,080,123	\$150,574,673	\$12,696,314	\$43,764

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$375	\$4,857,576		\$4,857,576
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$188,831	\$4,061,570		\$4,061,570
114 Cash - Tenant Security Deposits	\$127,941	\$548,805		\$548,805
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$317,147	\$9,467,951	\$0	\$9,467,951
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects		\$23,887		\$23,887
124 Accounts Receivable - Other Government	\$600,000	\$601,087		\$601,087
125 Accounts Receivable - Miscellaneous	\$5,894,948	\$6,544,591	-\$1,219,500	\$5,325,091
126 Accounts Receivable - Tenants	\$9,179	\$43,636		\$43,636
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$4,531,562	\$4,531,562		\$4,531,562
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$4,883,125	\$4,883,125		\$4,883,125
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$15,918,814	\$16,627,888	-\$1,219,500	\$15,408,388
131 Investments - Unrestricted	\$6,600,286	\$7,705,714		\$7,705,714
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$148,143	\$377,810		\$377,810
143 Inventories				
143.1 Allowance for Obsolete Inventories				

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
144 Inter Program Due From	\$0	\$3,194,561	-\$3,194,561	\$0
145 Assets Held for Sale				
150 Total Current Assets	\$22,984,390	\$37,373,924	-\$4,414,061	\$32,959,863
161 Land	\$9,906,017	\$22,552,322		\$22,552,322
162 Buildings	\$22,496,788	\$165,677,853		\$165,677,853
163 Furniture, Equipment & Machinery - Dwellings	\$36,088	\$4,842,553		\$4,842,553
164 Furniture, Equipment & Machinery - Administration	\$160,904	\$160,904		\$160,904
165 Leasehold Improvements	\$229,908	\$229,908		\$229,908
166 Accumulated Depreciation	-\$3,596,135	-\$35,057,516		-\$35,057,516
167 Construction in Progress	\$737,741	\$21,261,542		\$21,261,542
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$29,971,311	\$179,667,566	\$0	\$179,667,566
171 Notes, Loans and Mortgages Receivable - Non-Current	\$34,152,927	\$34,152,927		\$34,152,927
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets	\$0	\$309,085		\$309,085
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$64,124,238	\$214,129,578	\$0	\$214,129,578
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$87,108,628	\$251,503,502	-\$4,414,061	\$247,089,441
311 Bank Overdraft		\$0		\$0

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$1,370,443	\$6,646,092	-\$1,219,500	\$5,426,592
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion	\$239,515	\$346,709		\$346,709
324 Accrued Contingency Liability				
325 Accrued Interest Payable		\$4,852,510		\$4,852,510
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits	\$127,941	\$548,805		\$548,805
342 Unearned Revenue	\$2,329	\$59,994		\$59,994
343 Current Portion of Long-term Debt - Capital	\$7,124,171	\$12,451,202		\$12,451,202
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$266	\$2,941,024		\$2,941,024
346 Accrued Liabilities - Other				
347 Inter Program - Due To	\$2,994,860	\$3,194,561	-\$3,194,561	\$0
348 Loan Liability - Current				
310 Total Current Liabilities	\$11,859,525	\$31,040,897	-\$4,414,061	\$26,626,836
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$22,879,627	\$88,860,262		\$88,860,262
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other		\$1,165,258		\$1,165,258
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$22,879,627	\$90,025,520	\$0	\$90,025,520
300 Total Liabilities	\$34,739,152	\$121,066,417	-\$4,414,061	\$116,652,356
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$4,453,348	\$82,841,937		\$82,841,937
511.4 Restricted Net Position		\$0		\$0
512.4 Unrestricted Net Position	\$47,916,128	\$47,595,148		\$47,595,148
513 Total Equity - Net Assets / Position	\$52,369,476	\$130,437,085	\$0	\$130,437,085
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$87,108,628	\$251,503,502	-\$4,414,061	\$247,089,441

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
70300 Net Tenant Rental Revenue			\$9,145,338	\$707,905	
70400 Tenant Revenue - Other			\$176,559	\$19,641	
70500 Total Tenant Revenue	\$0	\$0	\$9,321,897	\$727,546	\$0
70600 HUD PHA Operating Grants		\$11,375,942			
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants	\$40,000				\$1,474,054
71100 Investment Income - Unrestricted		\$581	\$1,019	\$2,794	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$31,356			
71500 Other Revenue	\$6,647	\$742,683	\$3,814,103	\$237,075	
71600 Gain or Loss on Sale of Capital Assets			-\$124,089	-\$191,646	
72000 Investment Income - Restricted					
70000 Total Revenue	\$46,647	\$12,150,562	\$13,012,930	\$775,769	\$1,474,054
91100 Administrative Salaries	\$69,648	\$424,055	\$802,453	\$180,734	

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
91200 Auditing Fees		\$39,554	\$58,925	\$5,357	
91300 Management Fee			\$453,780	\$35,578	
91310 Book-keeping Fee			\$9,696		
91400 Advertising and Marketing	\$100	\$425	\$1,427	\$813	
91500 Employee Benefit contributions - Administrative	\$12,391	\$97,588	\$231,208	\$48,072	
91600 Office Expenses	\$8,107	\$68,215	\$193,237	\$22,455	
91700 Legal Expense	\$33	\$15,669	\$25,162	\$1,575	
91800 Travel	\$9,268	\$37,021	\$11,483	\$1,272	
91810 Allocated Overhead					
91900 Other	\$9,174	\$98,284	\$409,597	\$31,131	
91000 Total Operating - Administrative	\$108,721	\$780,811	\$2,196,968	\$326,987	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$15,965	\$56	\$15,044	\$1,613	
92500 Total Tenant Services	\$15,965	\$56	\$15,044	\$1,613	\$0
93100 Water			\$175,598	\$26,415	
93200 Electricity			\$305,936	\$18,343	
93300 Gas			\$96,091	\$8,409	
93400 Fuel					
93500 Labor					
93600 Sewer			\$122,058	\$14,208	
93700 Employee Benefit Contributions - Utilities					

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
93800 Other Utilities Expense			\$114,475	\$10,041	
93000 Total Utilities	\$0	\$0	\$814,158	\$77,416	\$0
94100 Ordinary Maintenance and Operations - Labor			\$501,862	\$55,718	
94200 Ordinary Maintenance and Operations - Materials and		\$1,275	\$194,419	\$40,288	
94300 Ordinary Maintenance and Operations Contracts		\$34,635	\$878,766	\$83,158	
94500 Employee Benefit Contributions - Ordinary Maintenance			\$168,586	\$18,916	
94000 Total Maintenance	\$0	\$35,910	\$1,743,633	\$198,080	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other			\$47,870	\$3,597	
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$47,870	\$3,597	\$0
96110 Property Insurance			\$317,134	\$24,276	
96120 Liability Insurance					
96130 Workmen's Compensation	\$1,366	\$7,937	\$26,028	\$4,715	
96140 All Other Insurance		\$12,323		\$1,408	
96100 Total insurance Premiums	\$1,366	\$20,260	\$343,162	\$30,399	\$0
96200 Other General Expenses			\$17,120	\$5,509	
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents		\$1,791	\$33,261	\$4,104	\$888
96500 Bad debt - Mortgages					

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
96600 Bad debt - Other			\$14,324		
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$1,791	\$64,705	\$9,613	\$888
96710 Interest of Mortgage (or Bonds) Payable			\$2,966,915	\$139,733	
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$2,966,915	\$139,733	\$0
96900 Total Operating Expenses	\$126,052	\$838,828	\$8,192,455	\$787,438	\$888
97000 Excess of Operating Revenue over Operating Expenses	-\$79,405	\$11,311,734	\$4,820,475	-\$11,669	\$1,473,166
97100 Extraordinary Maintenance			\$19,170		
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$10,611,965			\$114,539
97350 HAP Portability-In		\$746,246			
97400 Depreciation Expense			\$4,093,316	\$266,750	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$126,052	\$12,197,039	\$12,304,941	\$1,054,188	\$115,427
10010 Operating Transfer In					
10020 Operating transfer Out					

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
10030 Operating Transfers from/to Primary Government					-\$1,359,863
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					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	-\$1,359,863
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$79,405	-\$46,477	\$707,989	-\$278,419	-\$1,236
11020 Required Annual Debt Principal Payments	\$0	\$0	\$696,265	\$60,004	\$0
11030 Beginning Equity	-\$124,769	\$1,063,119	\$66,900,807	\$9,881,000	\$45,000
11040 Prior Period Adjustments, Equity Transfers and Correction					
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$1,016,642			
11180 Housing Assistance Payments Equity		\$0			

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program
11190 Unit Months Available		16932	11064	960	180
11210 Number of Unit Months Leased		13638	10889	933	176
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$3,050,232	\$12,903,475		\$12,903,475
70400 Tenant Revenue - Other	\$170,744	\$366,944		\$366,944
70500 Total Tenant Revenue	\$3,220,976	\$13,270,419	\$0	\$13,270,419
70600 HUD PHA Operating Grants		\$11,375,942		\$11,375,942
70610 Capital Grants				
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		\$1,514,054		\$1,514,054
71100 Investment Income - Unrestricted	\$1,446,435	\$1,450,829		\$1,450,829
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$31,356		\$31,356
71500 Other Revenue	\$2,065,054	\$6,865,562	-\$198,646	\$6,666,916
71600 Gain or Loss on Sale of Capital Assets	\$2,090,366	\$1,774,631		\$1,774,631
72000 Investment Income - Restricted				
70000 Total Revenue	\$8,822,831	\$36,282,793	-\$198,646	\$36,084,147
91100 Administrative Salaries	\$1,613,825	\$3,090,715		\$3,090,715
91200 Auditing Fees	\$1,159	\$104,995		\$104,995

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
91300 Management Fee	\$157,068	\$646,426		\$646,426
91310 Book-keeping Fee		\$9,696		\$9,696
91400 Advertising and Marketing	\$5,157	\$7,922		\$7,922
91500 Employee Benefit contributions - Administrative	\$356,324	\$745,583		\$745,583
91600 Office Expenses	\$97,234	\$389,248		\$389,248
91700 Legal Expense	\$26,190	\$68,629		\$68,629
91800 Travel	\$38,796	\$97,840		\$97,840
91810 Allocated Overhead				
91900 Other	\$359,997	\$908,183	-\$198,646	\$709,537
91000 Total Operating - Administrative	\$2,655,750	\$6,069,237	-\$198,646	\$5,870,591
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$8,214	\$40,892		\$40,892
92500 Total Tenant Services	\$8,214	\$40,892	\$0	\$40,892
93100 Water	\$58,007	\$260,020		\$260,020
93200 Electricity	\$72,404	\$396,683		\$396,683
93300 Gas	\$18,549	\$123,049		\$123,049
93400 Fuel				
93500 Labor				
93600 Sewer	\$49,461	\$185,727		\$185,727
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$28,178	\$152,694		\$152,694

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
93000 Total Utilities	\$226,599	\$1,118,173	\$0	\$1,118,173
94100 Ordinary Maintenance and Operations - Labor	\$108,891	\$666,471		\$666,471
94200 Ordinary Maintenance and Operations - Materials and	\$82,764	\$318,746		\$318,746
94300 Ordinary Maintenance and Operations Contracts	\$373,423	\$1,369,982		\$1,369,982
94500 Employee Benefit Contributions - Ordinary Maintenance	\$33,144	\$220,646		\$220,646
94000 Total Maintenance	\$598,222	\$2,575,845	\$0	\$2,575,845
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other	\$13,180	\$64,647		\$64,647
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$13,180	\$64,647	\$0	\$64,647
96110 Property Insurance	\$97,325	\$438,735		\$438,735
96120 Liability Insurance				
96130 Workmen's Compensation	\$33,868	\$73,914		\$73,914
96140 All Other Insurance	\$2,592	\$16,323		\$16,323
96100 Total insurance Premiums	\$133,785	\$528,972	\$0	\$528,972
96200 Other General Expenses		\$22,629		\$22,629
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents	\$24,074	\$64,118		\$64,118
96500 Bad debt - Mortgages				
96600 Bad debt - Other	\$28,164	\$42,488		\$42,488

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
96800 Severance Expense				
96000 Total Other General Expenses	\$52,238	\$129,235	\$0	\$129,235
96710 Interest of Mortgage (or Bonds) Payable	\$1,190,679	\$4,297,327		\$4,297,327
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$1,190,679	\$4,297,327	\$0	\$4,297,327
96900 Total Operating Expenses	\$4,878,667	\$14,824,328	-\$198,646	\$14,625,682
97000 Excess of Operating Revenue over Operating Expenses	\$3,944,164	\$21,458,465	\$0	\$21,458,465
97100 Extraordinary Maintenance		\$19,170		\$19,170
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$10,726,504		\$10,726,504
97350 HAP Portability-In		\$746,246		\$746,246
97400 Depreciation Expense	\$752,418	\$5,112,484		\$5,112,484
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$5,631,085	\$31,428,732	-\$198,646	\$31,230,086
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government	\$1,359,863	\$0		\$0

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
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				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$1,359,863	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$4,551,609	\$4,854,061	\$0	\$4,854,061
11020 Required Annual Debt Principal Payments	\$4,119,251	\$4,875,520		\$4,875,520
11030 Beginning Equity	\$47,817,867	\$125,583,024		\$125,583,024
11040 Prior Period Adjustments, Equity Transfers and Correction				
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				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$1,016,642		\$1,016,642
11180 Housing Assistance Payments Equity		\$0		\$0
11190 Unit Months Available	2160	31296		31296

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	2097	27733		27733
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				