

**LAMAR HOUSING AUTHORITY**  
**Financial Statements**  
**With Independent Auditor's Report**  
**December 31, 2017**

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October 4, 2018

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# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lamar Housing Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Lamar Housing Authority, as of and for the year ended December 31, 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.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lamar Housing Authority as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability – PERA and Schedule of Pension Contributions – PERA 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 Lamar Housing Authority's basic financial statements. The combining program schedules, financial data schedule, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated *March 8, 2018* on our consideration of the Lamar Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamar Housing Authority's internal control over financial reporting and compliance.



Brighton, Colorado  
March 8, 2018

## **Management Discussion and Analysis**

## Management Discussion and Analysis

As management of the Lamar Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2017.

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

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

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

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

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

### **Financial Analysis**

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$3,009,358 at the close of the most recent fiscal year.

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

## Condensed Statement of Net Position

	2017	2016	2015	Increase (Decrease) CY vs. PY
<b>ASSETS</b>				
Cash and equivalents	\$ 856,404	\$ 933,832	\$ 806,947	\$ (77,428)
Other current assets	21,598	18,589	11,087	3,009
Capital assets	3,464,118	3,481,779	3,615,068	(17,661)
Total Assets	<u>4,342,120</u>	<u>4,434,200</u>	<u>4,433,102</u>	<u>(92,080)</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>128,575</u>	<u>109,377</u>	<u>45,737</u>	<u>19,198</u>
<b>LIABILITIES</b>				
Current liabilities	142,110	131,263	130,735	10,847
Long term liabilities	1,309,090	130,573	1,436,699	1,178,517
Total liabilities	<u>1,451,200</u>	<u>261,836</u>	<u>1,567,434</u>	<u>1,189,364</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>10,137</u>	<u>21,240</u>	<u>18,641</u>	<u>(11,103)</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,569,171	2,523,946	2,594,975	45,225
Restricted	232,322	170,240	170,240	62,082
Unrestricted	207,865	396,315	258,284	(188,450)
Total Net Position	<u>\$ 3,009,358</u>	<u>\$ 3,090,501</u>	<u>\$ 3,023,499</u>	<u>\$ (81,143)</u>

**Condensed Statement of Activities** is presented in the following table:

	2017	2016	2015	Increase (Decrease) CY vs. PY
<b>Revenue:</b>				
Operating Revenue	\$ 386,497	\$ 354,507	\$ 355,090	\$ 31,990
HUD Grants	345,539	783,255	752,086	(437,716)
Other Government Grants	408,927	258,689	230,028	150,238
Gain (Loss) on disposal of assets	2,000	-	-	2,000
Insurance proceeds	118,961	-	29,116	118,961
Interest Income	3,196	2,117	1,419	1,079
Total Revenue	<u>1,265,120</u>	<u>1,398,568</u>	<u>1,367,739</u>	<u>(133,448)</u>
<b>Expenses:</b>				
Operating Expenses	1,003,572	914,052	909,661	89,520
Housing Assistance Payments	378,026	423,292	494,792	(45,266)
Interest Expense	9,290	9,916	10,535	(626)
Total Expenses	<u>1,390,888</u>	<u>1,347,260</u>	<u>1,414,988</u>	<u>43,628</u>
Capital Contributions	<u>44,625</u>	<u>15,694</u>	<u>16,384</u>	
Change in Net Position	(81,143)	67,002	(30,865)	(148,145)
Net Position-Beginning (Restated)	3,090,501	3,023,499	3,054,364	67,002
Net Position-Ending	<u>\$ 3,009,358</u>	<u>\$ 3,090,501</u>	<u>\$ 3,023,499</u>	<u>\$ (81,143)</u>

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

pension liabilities. Operating revenue is increased by \$31,990 in 2017 due to an increase in the vacancy rate. Operating expenses increased by \$89,520 due to an increase in various operating costs.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash from (for) Operating Activities	\$ (388,827)	\$ (398,248)	\$ (390,430)
Cash from Non Capital Financing Activities	376,440	618,652	487,322
Cash from (for) Capital and Related Financing Activities	(68,237)	(95,636)	(55,481)
Cash from (for) Investing Activities	3,196	2,117	1,419
Increase (Decrease)	<u>(77,428)</u>	<u>126,885</u>	<u>42,830</u>
Cash and Cash Equivalents, Beginning of Year	933,832	806,947	764,117
Cash and Cash Equivalents, End of Year	<u>\$ 856,404</u>	<u>\$ 933,832</u>	<u>\$ 806,947</u>

### **Capital Asset and Debt Administration**

**Capital Assets.** The Authority's investment in capital assets as of December 31, 2017, amounts to \$3,464,118 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditure during fiscal year 2017 were \$161,647 relating to the upgrades to the facilities. The capital purchases were partially funded by \$44,625 of HUD capital grants. The Authority disposed of \$15,509 of fully depreciated capital assets during the year. The remaining activity related to capital assets were the normal additions of assets and depreciation. Additional information on capital assets can be found in note 5 to the accompanying financial statements.

### **Long Term Debt**

At the end of the year, the Authority had outstanding long-term debt of \$894,947. The Authority did not acquire any new long term debt. The only activity in long term debt was the payment of principal and interest. Additional information on the Authority's Long Term Debt can be found in Note 7.

### **Economic Factors and Next Year's Revenue**

The Authority does not receive any revenue by taxes. The Authority has approximate 6 percent vacancy rates for their units in 2017. The Authority's rental rates have not changed in fiscal year 2017. The Authority expects that subsidy will not increase in 2017.

### **Request for Information**

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

## **Basic Financial Statements**

**Lamar Housing Authority  
Statement of Net Position  
December 31, 2017**

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 65,567
Prepaid expenses	882
Accounts receivable, net	
Tenants	20,716
Cash - restricted	790,837
<b>Total Current Assets</b>	<b>878,002</b>

Noncurrent Assets

Capital assets	
Land	220,901
Buildings	6,532,974
Machinery and equipment	275,902
Less: accumulated depreciation	(3,565,659)
Net Capital Assets	3,464,118
<b>Total Noncurrent Assets</b>	<b>3,464,118</b>

**Total Assets**

**4,342,120**

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows - Pensions	128,575
<b>Total Deferred Outflows of Resources</b>	<b>128,575</b>

**LIABILITIES**

Current Liabilities

Accounts payable	20,674
Other accrued liabilities	4,903
Tenant security deposits	47,192
Accrued compensated absences	6,880
Long term debt - current portion	62,461
<b>Total Current Liabilities</b>	<b>142,110</b>

Long Term Liabilities

Net Pension Liability	476,604
Long term debt	832,486
<b>Total Long Term Liabilities</b>	<b>1,309,090</b>

**Total Liabilities**

**1,451,200**

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows - Pensions	10,137
<b>Total Deferred Inflows of Resources</b>	<b>10,137</b>

**Net Position**

Net investment in capital assets	2,569,171
Restricted for capital improvements	194,253
Restricted for housing assistance	38,069
Unrestricted	207,865
<b>Total Net Position</b>	<b>\$ 3,009,358</b>

**Lamar Housing Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**December 31, 2017**

<b>Operating Revenues</b>	
Dwelling Rental - Net	\$ 348,548
Management Fee	31,711
Other	6,238
Total Operating Revenues	<u>386,497</u>
<b>Operating Expenses</b>	
General and Administrative	357,153
Utilities	165,565
Maintenance and Operation	301,546
Depreciation	179,308
Total Operating Expenses	<u>1,003,572</u>
Operating Income (Loss)	(617,075)
<b>Non-Operating Revenues (Expenses)</b>	
HUD Contributions and Grants	345,539
Other Government Grants	408,927
Housing Assistance Payments	(378,026)
Insurance Proceeds	118,961
Gain on Sale of Assets	2,000
Interest Expense	(9,290)
Interest Income	3,196
Total Non-Operating Revenues (Expenses)	<u>491,307</u>
Income Before Capital Contributions	<u>(125,768)</u>
Capital Contributions	44,625
Change in Net Position	<u>(81,143)</u>
Net Position, Beginning of Year	3,090,501
Net Position, End of Year	<u>\$ 3,009,358</u>

**Lamar Housing Authority**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

<b>Cash Flows From Operating Activities:</b>	
Cash Received from Tenants	\$ 388,198
Cash Payments to Tenants and suppliers	(544,142)
Cash Payments to Employees	(232,883)
Net Cash (Used) For Operating Activities	<u>(388,827)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>	
HUD Contributions and Grants	345,539
Housing Assistance Payments	(378,026)
Other Governments Grants	408,927
Net Cash Provided by Non-Capital Financing Activities	<u>376,440</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of Property, Plant and Equipment	(161,647)
Capital Contributions	44,625
Insurance Proceeds	120,961
Repayment of Notes and Mortgage	(62,886)
Interest on Notes and Mortgage	(9,290)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(68,237)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	3,196
Net Cash Provided by Investing Activities	<u>3,196</u>
<b>Net increase in Cash and Cash Equivalents</b>	<b>(77,428)</b>
Cash and Cash Equivalents, Beginning	933,832
Cash and Cash Equivalents, Ending	<u>\$ 856,404</u>
<b>Detail of cash and cash equivalents:</b>	
Cash - Unrestricted	65,567
Cash-Restricted	790,837
<b>Total</b>	<u>\$ 856,404</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating (Loss)	(617,075)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation and Amortization	179,308
Changes in Pension Related Items	41,792
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	(2,127)
Prepaid expenses	(882)
Accounts Payable	4,973
Accrued Liabilities	(228)
Accrued Compensated Absences	1,584
Tenant Security Deposits	3,828
Net Cash Used for Operating Activities	<u>(388,827)</u>

**Lamar Housing Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**

**Note 1 Summary of Significant Accounting Policies**

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

**Financial Reporting Entity**

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

**Basis of Accounting**

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

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

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

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 1 Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

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

**Assets, Liabilities and Net Position**

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

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

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

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Assets, Liabilities and Net Position (Continued)**

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

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

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

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

*Restricted Assets* - Certain proceeds of the loan received from United State Department of Rural Development as well certain resources set aside for capital improvements, are classified as restricted assets on the balance sheet in the amount of \$194,253 because they are maintained in separate bank accounts and their use is limited by applicable loan covenants. The Authority receives payments in advance that are designated for housing assistance by the Department of Housing and Urban Development. The Section 8 Housing Choice Voucher program has cash restricted for the use of low income housing on the statement of net position in the amount of \$38,069.

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

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

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Cash Equivalents**

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budgets and Budgetary Accounting**

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

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

**Note 2 Cash and Investments**

**Cash Deposits**

As of December 31, 2017, the District's cash deposits had a carrying balance of \$856,404 and a corresponding bank balance of \$870,903, of which \$500,000 was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 2 Cash and Investments (Continued)**

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The Authority had \$370,903 collateralized under PDPA.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the Authority’s bank deposits were exposed to custodial credit risk.

**Investments**

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

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

The Authority does not have a formal investment policy.

**Note 3 Accounts Receivable**

Accounts receivable balance at December 31, 2017, was comprised of the following:

Program	Tenants Receivable	Allowance for Bad Debt	Receivable Net of Allowance
Low Rent	\$ 3,353	\$ (2,524)	\$ 829
Rural Development	33,146	(16,320)	16,826
Section 8 New Construction	11,677	(8,616)	3,061
 Total	 <u>\$ 48,176</u>	 <u>\$ (27,460)</u>	 <u>\$ 20,716</u>

**Note 4 Due to Due From**

The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The effect of inter program transactions has been eliminated in the Statements of Net Position. The composition of inter program balances as of December 31, 2017, is as follows:

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 4 Due to Due From (Continued)**

Program	Due From Other Program	Due To Other Program	Total
Housing Choice Voucher	\$ -	\$ (2,580)	\$ (2,580)
Rural Development	-	(126,624)	(126,624)
Business Fee	129,204	-	129,204
<b>Total</b>	<b>\$ 129,204</b>	<b>\$ (129,204)</b>	<b>\$ -</b>

**Note 5 Fixed Assets**

The following is a summary of fixed assets at December 31, 2017

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Nondepreciable				
Land	\$ 220,901	\$ -	\$ -	\$ 220,901
Total Nondepreciable	220,901	-	-	220,901
Depreciable				
Buildings and improvements	6,397,227	135,747	-	6,532,974
Machinery and equipment	265,511	25,900	(15,509)	275,902
Total Depreciable	6,662,738	161,647	(15,509)	6,808,876
TOTAL	6,883,639	161,647	(15,509)	7,029,777
Less Accumulated Depreciation	(3,401,860)	(179,308)	15,509	(3,565,659)
Total Accumulated Depreciation	(3,401,860)	(179,308)	15,509	(3,565,659)
Net Capital Assets	<b>\$ 3,481,779</b>	<b>\$ (17,661)</b>	<b>\$ -</b>	<b>\$ 3,464,118</b>

**Note 6 Notes Payable**

Changes in Long-term Debt during 2017 were as follows:

	Balance 12/30/2016	Additions	Reductions	Balance 12/30/2017	Due Within One Year
USDA Phase One	\$ 182,786	\$ -	\$ 13,134	\$ 169,652	\$ 12,209
USDA Phase Two	715,788	-	47,269	668,519	47,744
USDA Short Term	59,259	-	2,483	56,776	2,508
Total Long-term Debt	<b>\$ 957,833</b>	<b>\$ -</b>	<b>\$ 62,886</b>	<b>\$ 894,947</b>	<b>\$ 62,461</b>

*Rural Development Note Payable (Phase I):* On January 1, 2002, the Authority obtained a loan from United States Department of Agriculture Rural Development in the amount of \$364,711 with an interest rate of 1%. The loan proceeds were used for building housing. The note is secured by the buildings. The requirements to amortize the loan as of December 31, 2017 are as follows:

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 6 Notes Payable (Continued)**

Year	Principal	Interest	Total
2018	12,209	2,692	14,901
2019	12,402	2,499	14,901
2020	12,598	2,303	14,901
2021	12,797	2,104	14,901
2022	12,999	1,902	14,901
2023-2027	68,144	6,361	74,505
2028-2031	38,503	1,184	39,687
Total	<u>\$ 169,652</u>	<u>\$ 19,045</u>	<u>\$ 188,697</u>

Rural Development Note Payable (Phase II): On January 1, 2002, the Authority obtained a loan from United States Department of Agriculture Rural Development in the amount of \$1,370,943 and carries a rate of interest of 1%. The loan proceeds were used for the construction of housing. The requirements to amortize the loan as of December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	47,744	6,467	54,211
2019	48,223	5,988	54,211
2020	48,708	5,503	54,211
2021	49,197	5,014	54,211
2022	49,691	4,520	54,211
2023-2027	256,046	15,007	271,053
2028-2031	168,910	2,757	171,667
Total	<u>\$ 668,519</u>	<u>\$ 45,256</u>	<u>\$ 713,775</u>

Rural Development Temporary Note Payable. - On June 15, 2005 the Authority borrowed \$60,000 from United States Department of Agriculture Rural Development for construction. The Authority borrowed additional amounts of \$21,274 on August 1, 2007 on this note. The note is unsecured and the rate of interest is 1%. The Authority started paying this loan on September 6, 2007 in monthly payments of \$255 including interest. The requirements to amortize the loan as of December 31, 2017 are as follows

Year	Principal	Interest	Total
2018	2,508	557	3,065
2019	2,533	532	3,065
2020	2,559	506	3,065
2021	2,584	481	3,065
2022	2,610	455	3,065
2023-2027	13,450	1,871	15,321
2028-2032	14,139	1,182	15,321
2033-2037	14,864	457	15,321
2038	1,529	4	1,533
Total	<u>\$ 56,776</u>	<u>\$ 6,045</u>	<u>\$ 62,821</u>

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 7 Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense,

information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

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

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

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

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

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$29,050 for the year ended December 31, 2017.

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

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

At December 31, 2017, the Authority reported a liability of \$476,604 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Authority proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Authority's proportion was .0352950779 percent, and .0367209739 percent as measured at December 31, 2015. For the year ended December 31, 2017, the Authority recognized pension expense of \$41,792. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,481	\$ 0
Changes of assumptions or other inputs	\$ 33,806	\$ 1,380
Net difference between projected and actual earnings on pension plan investments	\$57,238	\$ 0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 0	\$ 8,757
Contributions subsequent to the measurement date	\$29,050	N/A
Total	\$128,575	\$10,137

The Authority reported \$29,050 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ended December 31, 2017.

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

<u>Year Ended</u>	<u>Pension Expense</u>
2018	\$ 56,114
2019	33,369
2020	16,879
2021	544
2022	-
Total	<u>\$ 106,906</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	.20%
Total	100.00%	

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

**Lamar Housing Authority  
Notes to the Financial Statements (Continued)  
December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

***Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate***

<b>Discount Rate:</b>	<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>
Proportionate share of the net pension liability	<u>\$702,731</u>	<u>\$476,604</u>	<u>\$289,346</u>

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions

- were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

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

**Other Post-Employment Benefits**

**Health Care Trust Fund**

*Plan Description* – The Authority contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health

**Other Post-Employment Benefits (Continued)**

care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements are established under Title 24,

**Lamar Housing Authority**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

**Note 7 Defined Benefit Pension Plan (Continued)**

Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016 and 2015, contributions to the HCTF were \$2,338, \$2,224 and \$2,166, respectively, equal to their required contributions for the year ended.

**Note 8 Contingencies and Commitments**

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

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

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2017, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Authority.

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

## **Required Supplemental Information**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.0352950779%	0.0367209739%	0.0387098781%	0.0424133344%
Authority's proportional share of the net pension liability	\$ 476,604	\$ 404,511	\$ 346,960	\$ 349,028
Authority's covered payroll	218,035	205,077	206,616	226,279
Authority's percentage of net pension liability as a percent of covered payroll	219%	197%	168%	154%
Total pension liability	5,123,847,000	4,762,090,000	4,647,777,000	4,517,239,000
Plan fiduciary net position	<u>3,773,506,000</u>	<u>3,660,509,000</u>	<u>3,751,468,000</u>	<u>3,508,312,000</u>
Net pension liability	<u>\$ 1,350,341,000</u>	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 1,008,927,000</u>
Plan fiduciary net position as a percentage of the total pension liability	73.6%	76.9%	80.7%	77.7%
Net pension liability as a percentage of covered payroll	219%	197%	168%	154%

\* Information for the prior 6 years was not available to report

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily Required Contribution	29,731	27,647	26,004	26,199	28,693	34,047	31,824	33,146	30,893	33,457
Contributions in Relation to the Statutorily Required Contribution	29,731	27,647	26,004	26,199	28,693	34,047	31,824	33,146	30,893	33,457
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	234,467	218,035	205,077	206,616	226,279	268,506	250,973	261,402	243,627	263,851
Contributions as a % of Covered Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

## **Other Supplemental Information**

**Lamar Housing Authority**  
**Combining Schedule of Program Net Position**  
**December 31, 2017**

	Low Rent	Housing Choice Vouchers	Rural Development	State and Local	Section 8 New Construction	Business Fee	Total
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 5,778	\$ 2,015	\$ -	\$ -	\$ 74,656	\$ 131,977	\$ 214,426
Prepaid expenses	295	15	176	176	220	-	882
Accounts receivable, net							
Tenants	829	-	16,826	-	3,061	-	20,716
Due from other programs	-	-	-	-	-	129,204	129,204
Cash - restricted	209,613	38,069	222,350	-	320,805	-	790,837
<b>Total Current Assets</b>	<u>216,515</u>	<u>40,099</u>	<u>239,352</u>	<u>176</u>	<u>398,742</u>	<u>261,181</u>	<u>1,156,065</u>
<b>Noncurrent Assets</b>							
<b>Capital assets</b>							
Land	35,957	-	147,012	-	37,932	-	220,901
Buildings	1,336,844	-	3,839,588	-	1,356,542	-	6,532,974
Machinery and equipment	56,185	-	65,701	-	139,016	15,000	275,902
Less: accumulated depreciation	(901,323)	-	(1,571,430)	-	(1,091,406)	(1,500)	(3,565,659)
<b>Net Capital Assets</b>	<u>527,663</u>	<u>-</u>	<u>2,480,871</u>	<u>-</u>	<u>442,084</u>	<u>13,500</u>	<u>3,464,118</u>
<b>Total Noncurrent Assets</b>	<u>527,663</u>	<u>-</u>	<u>2,480,871</u>	<u>-</u>	<u>442,084</u>	<u>13,500</u>	<u>3,464,118</u>
<b>Total Assets</b>	<u>744,178</u>	<u>40,099</u>	<u>2,720,223</u>	<u>176</u>	<u>840,826</u>	<u>274,681</u>	<u>4,620,183</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows - Pensions	34,280	9,869	27,595	5,551	43,684	7,596	128,575
<b>Total Deferred Outflows of Resources</b>	<u>34,280</u>	<u>9,869</u>	<u>27,595</u>	<u>5,551</u>	<u>43,684</u>	<u>7,596</u>	<u>128,575</u>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts payable	-	751	-	-	-	19,923	20,674
Bank overdraft	-	-	142,231	6,628	-	-	148,859
Other accrued liabilities	-	-	-	-	-	4,903	4,903
Tenant security deposits	8,191	-	28,097	-	10,904	-	47,192
Accrued compensated absences	2,029	193	1,154	107	2,860	537	6,880
Due to other programs	-	2,580	126,624	-	-	-	129,204
Long term debt - current portion	-	-	62,461	-	-	-	62,461
<b>Total Current Liabilities</b>	<u>10,220</u>	<u>3,524</u>	<u>360,567</u>	<u>6,735</u>	<u>13,764</u>	<u>25,363</u>	<u>420,173</u>
<b>Long Term Liabilities</b>							
Net Pension Liability	127,071	36,583	102,288	20,577	161,930	28,155	476,604
Long term debt	-	-	832,486	-	-	-	832,486
<b>Total Long Term Liabilities</b>	<u>127,071</u>	<u>36,583</u>	<u>934,774</u>	<u>20,577</u>	<u>161,930</u>	<u>28,155</u>	<u>1,309,090</u>
<b>Total Liabilities</b>	<u>137,291</u>	<u>40,107</u>	<u>1,295,341</u>	<u>27,312</u>	<u>175,694</u>	<u>53,518</u>	<u>1,729,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows - Pensions	2,703	778	2,175	438	3,444	599	10,137
<b>Total Deferred Inflows of Resources</b>	<u>2,703</u>	<u>778</u>	<u>2,175</u>	<u>438</u>	<u>3,444</u>	<u>599</u>	<u>10,137</u>
<b>Net Position</b>							
Net investment in capital assets	527,663	-	1,585,924	-	442,084	13,500	2,569,171
Restricted for capital improvements	-	-	194,253	-	-	-	194,253
Restricted for housing assistance	-	38,069	-	-	-	-	38,069
Unrestricted	110,801	(28,986)	(329,875)	(22,023)	263,288	214,660	207,865
<b>Total Net Position</b>	<u>\$ 638,464</u>	<u>\$ 9,083</u>	<u>\$ 1,450,302</u>	<u>\$ (22,023)</u>	<u>\$ 705,372</u>	<u>\$ 228,160</u>	<u>\$ 3,009,358</u>

**Lamar Housing Authority**  
**Combining Schedule of Program Revenues, Expenses and Changes in Net Position**  
**December 31, 2017**

	Low Rent	Housing Choice Vouchers	Rural Development	State and Local	Section 8 New Construction	Business Fee	Total
<b>Operating Revenues</b>							
Dwelling Rental - Net	\$ 115,271	\$ -	\$ 65,276	\$ -	\$ 168,001	\$ -	\$ 348,548
Management Fee	-	-	-	-	-	31,711	31,711
Other	-	408	-	-	5,830	-	6,238
Total Operating Revenues	<u>115,271</u>	<u>408</u>	<u>65,276</u>	<u>-</u>	<u>173,831</u>	<u>31,711</u>	<u>386,497</u>
<b>Operating Expenses</b>							
General and Administrative	69,811	58,393	70,983	31,847	101,831	24,288	357,153
Utilities	46,255	-	40,475	-	74,989	3,846	165,565
Maintenance and Operation	78,753	247	122,422	-	91,784	8,340	301,546
Depreciation	36,216	-	100,170	-	41,422	1,500	179,308
Total Operating Expenses	<u>231,035</u>	<u>58,640</u>	<u>334,050</u>	<u>31,847</u>	<u>310,026</u>	<u>37,974</u>	<u>1,003,572</u>
Operating Income (Loss)	(115,764)	(58,232)	(268,774)	(31,847)	(136,195)	(6,263)	(617,075)
<b>Non-Operating Revenues (Expenses)</b>							
HUD Contributions and Grants	-	345,539	-	-	-	-	345,539
Other Government Grants	-	-	266,818	13,612	128,497	-	408,927
Housing Assistance Payments	-	(378,026)	-	-	-	-	(378,026)
Insurance proceeds	-	-	95,031	-	-	23,930	118,961
Gain on Sale of Assets	-	-	-	-	-	2,000	2,000
Interest Expense	-	-	(9,290)	-	-	-	(9,290)
Interest Income	953	111	891	-	1,130	111	3,196
Total Non-Operating Revenues (Expenses)	<u>953</u>	<u>(32,376)</u>	<u>353,450</u>	<u>13,612</u>	<u>129,627</u>	<u>26,041</u>	<u>491,307</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(114,811)</u>	<u>(90,608)</u>	<u>84,676</u>	<u>(18,235)</u>	<u>(6,568)</u>	<u>19,778</u>	<u>(125,768)</u>
Capital Contributions	44,625	-	-	-	-	-	44,625
Change in Net Position	(70,186)	(90,608)	84,676	(18,235)	(6,568)	19,778	(81,143)
Net Position, Beginning of Year	<u>708,650</u>	<u>99,691</u>	<u>1,365,626</u>	<u>(3,788)</u>	<u>711,940</u>	<u>208,382</u>	<u>3,090,501</u>
Net Position, End of Year	<u>\$ 638,464</u>	<u>\$ 9,083</u>	<u>\$ 1,450,302</u>	<u>\$ (22,023)</u>	<u>\$ 705,372</u>	<u>\$ 228,160</u>	<u>\$ 3,009,358</u>

Housing Authority of the City of Lamar (CO006)

Lamar, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$207,200	\$52,022	\$2,219	\$384,567		\$131,977	\$777,975		\$777,975
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted				\$37,865			\$37,865		\$37,865
114 Cash - Tenant Security Deposits	\$8,191	\$28,097		\$10,904			\$47,192		\$47,192
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$215,391	\$80,119	\$40,084	\$395,461	\$0	\$131,977	\$863,032		\$863,032
121 Accounts Receivable - PHA Projects	\$3,353	\$33,146		\$11,677			\$48,176		\$48,176
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants									
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,524	-\$16,320		-\$8,616			-\$27,460		-\$27,460
126.2 Allowance for Doubtful Accounts - Other	\$0	\$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	\$829	\$16,826	\$0	\$3,061	\$0	\$0	\$20,716		\$20,716
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$295	\$176	\$15	\$220	\$176		\$882		\$882
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From						\$129,204	\$129,204		\$129,204
145 Assets Held for Sale									
150 Total Current Assets	\$216,515	\$97,121	\$40,099	\$398,742	\$176	\$261,181	\$1,013,834		\$1,013,834
161 Land	\$35,957	\$275,529		\$37,932			\$349,418		\$349,418
162 Buildings	\$1,336,844	\$3,711,071		\$1,356,543			\$6,404,458		\$6,404,458
163 Furniture, Equipment & Machinery - Dwellings	\$11,462	\$65,701		\$40,873			\$118,036		\$118,036
164 Furniture, Equipment & Machinery - Administration	\$44,723			\$98,143		\$15,000	\$157,866		\$157,866
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$901,323	-\$1,571,430		-\$1,051,406		-\$1,500	-\$3,565,659		-\$3,565,659
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$527,663	\$2,480,871	\$0	\$442,085	\$0	\$13,500	\$3,464,119		\$3,464,119
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$527,663	\$2,480,871	\$0	\$442,085	\$0	\$13,500	\$3,464,119		\$3,464,119

Housing Authority of the City of Lamar (CO006)

Lamar, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

200	Deferred Outflow of Resources	\$34,280	\$27,595	\$9,869	\$43,684	\$5,551	\$7,596	\$128,575	\$128,575
290	Total Assets and Deferred Outflow of Resources	\$778,458	\$2,605,587	\$49,968	\$884,511	\$5,727	\$282,277	\$4,606,528	\$4,606,528
311	Bank Overdraft					\$6,628		\$6,628	\$6,628
312	Accounts Payable <= 90 Days			\$751			\$19,923	\$20,674	\$20,674
313	Accounts Payable >90 Days Past Due								
321	Accrued Wage/Payroll Taxes Payable						\$4,901	\$4,901	\$4,901
322	Accrued Compensated Absences - Current Portion	\$2,029	\$1,154	\$193	\$2,861	\$107	\$539	\$6,883	\$6,883
324	Accrued Contingency Liability								
325	Accrued Interest Payable								
331	Accounts Payable - HUD PHA Programs								
332	Account Payable - PHA Projects								
333	Accounts Payable - Other Government								
341	Tenant Security Deposits	\$8,191	\$28,097		\$10,904			\$47,192	\$47,192
342	Unearned Revenue								
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$62,461					\$62,461	\$62,461
344	Current Portion of Long-term Debt - Operating Borrowings								
345	Other Current Liabilities								
346	Accrued Liabilities - Other								
347	Inter Program - Due To		\$128,624	\$2,580				\$129,204	\$129,204
348	Loan Liability - Current								
310	Total Current Liabilities	\$10,220	\$218,336	\$3,524	\$13,765	\$6,735	\$25,363	\$277,943	\$277,943
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$832,486					\$832,486	\$832,486
352	Long-term Debt, Net of Current - Operating Borrowings								
353	Non-current Liabilities - Other		\$0					\$0	\$0
354	Accrued Compensated Absences - Non Current								
355	Loan Liability - Non Current								
356	FASB 5 Liabilities								
357	Accrued Pension and OPEB Liabilities	\$127,071	\$102,288	\$36,583	\$161,930	\$20,577	\$28,155	\$476,604	\$476,604
350	Total Non-Current Liabilities	\$127,071	\$934,774	\$36,583	\$161,930	\$20,577	\$28,155	\$1,309,090	\$1,309,090
300	Total Liabilities	\$137,291	\$1,153,110	\$40,107	\$175,695	\$27,312	\$53,518	\$1,587,033	\$1,587,033
400	Deferred Inflow of Resources	\$2,703	\$2,175	\$778	\$3,444	\$438	\$599	\$10,137	\$10,137
508.4	Net Investment in Capital Assets	\$527,663	\$1,585,924		\$442,084		\$13,500	\$2,569,171	\$2,569,171
511.4	Restricted Net Position	\$0	\$194,253	\$38,069				\$232,322	\$232,322
512.4	Unrestricted Net Position	\$110,801	-\$329,875	-\$28,986	\$263,288	-\$22,023	\$214,660	\$207,865	\$207,865
513	Total Equity - Net Assets / Position	\$638,464	\$1,450,302	\$9,083	\$705,372	-\$22,023	\$228,160	\$3,009,358	\$3,009,358
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$778,458	\$2,605,587	\$49,968	\$884,511	\$5,727	\$282,277	\$4,606,528	\$4,606,528

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$101,989	\$57,748		\$141,998			\$301,735		\$301,735
70400 Tenant Revenue - Other	\$13,282	\$7,529		\$26,003			\$46,814		\$46,814
70500 Total Tenant Revenue	\$115,271	\$65,277	\$0	\$168,001	\$0	\$0	\$348,549		\$348,549
70600 HUD PHA Operating Grants			\$345,539				\$345,539		\$345,539
70610 Capital Grants	\$44,625						\$44,625		\$44,625
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		\$266,818		\$128,497			\$395,315		\$395,315
71100 Investment Income - Unrestricted	\$953	\$891		\$1,130		\$111	\$3,085		\$3,085
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$408				\$408		\$408
71500 Other Revenue		\$95,031		\$5,830	\$13,612	\$55,641	\$170,114		\$170,114
71600 Gain or Loss on Sale of Capital Assets	\$0			\$0		\$2,000	\$2,000		\$2,000
72000 Investment Income - Restricted			\$111				\$111		\$111
70000 Total Revenue	\$160,849	\$428,017	\$346,058	\$303,458	\$13,612	\$57,752	\$1,309,746		\$1,309,746
91100 Administrative Salaries	\$28,256	\$15,026	\$17,997	\$45,405	\$10,123	\$13,851	\$130,658		\$130,658
91200 Auditing Fees	\$1,777	\$2,370	\$2,370	\$4,148	\$1,185		\$11,850		\$11,850
91300 Management Fee		\$26,712	\$3,500		\$1,500		\$31,712		\$31,712
91310 Book-keeping Fee	\$625	\$834	\$834	\$1,459	\$417		\$4,169		\$4,169
91400 Advertising and Marketing	\$122	\$1,673	\$13	\$123			\$1,931		\$1,931
91500 Employee Benefit contributions - Administrative	\$33,268	\$16,628	\$11,777	\$40,060	\$6,874	\$10,365	\$119,212		\$119,212
91600 Office Expenses	\$5,255	\$6,799	\$5,802	\$9,514	\$1,871	\$102	\$29,343		\$29,343
91700 Legal Expense		\$281		\$343			\$624		\$624
91800 Travel									
91810 Allocated Overhead									
91900 Other									
91000 Total Operating - Administrative	\$69,303	\$70,523	\$42,293	\$101,072	\$21,970	\$24,338	\$329,499		\$329,499
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other									
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93100 Water	\$7,066	\$20,793		\$12,498		\$823	\$41,180		\$41,180
93200 Electricity	\$24,932	\$9,409		\$38,600		\$2,397	\$75,338		\$75,338
93300 Gas	\$4,247	\$4,768		\$9,816		\$503	\$19,334		\$19,334



Housing Authority of the City of Lamar (CO006)

Lamar, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$231,035	\$343,341	\$436,666	\$310,026	\$31,847	\$37,974	\$1,390,889		\$1,390,889
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$70,186	\$84,676	-\$90,608	-\$6,568	-\$18,235	\$19,778	-\$81,143		-\$81,143
11020 Required Annual Debt Principal Payments	\$0	\$62,461	\$0	\$0	\$0	\$0	\$62,461		\$62,461
11030 Beginning Equity	\$708,650	\$1,365,626	\$99,691	\$711,940	-\$3,788	\$208,382	\$3,090,501		\$3,090,501
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity			-\$28,986				-\$28,986		-\$28,986
11180 Housing Assistance Payments Equity			\$38,069				\$38,069		\$38,069
11190 Unit Months Available	360	720	1284	960	0		3324		3324
11210 Number of Unit Months Leased	359	629	1068	951	0		3007		3007
11270 Excess Cash	\$193,484						\$193,484		\$193,484
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

## **SINGLE AUDIT SECTION**

# Green & Associates LLC

Certified Public Accountants & Business Consultants

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

To the Board of Commissioners  
Lamar Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements the business-type activities as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Lamar Housing Authority's basic financial statements, and have issued our report thereon dated March 8, 2018.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Gumm + Associates LLC". The signature is written in a cursive, flowing style.

Brighton, CO  
March 8, 2018

# Green & Associates LLC

Certified Public Accountants & Business Consultants

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

To the Board of Commissioners  
Lamar Housing Authority

### **Report on Compliance for Each Major Federal Program**

We have audited Lamar Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lamar Housing Authority's major federal programs for the year ended December 31, 2017. Lamar Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

## **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gumm + Associates LLC".

Brighton, CO  
March 8, 2018

**Lamar Housing Authority  
Schedule of Expenditures of Federal Awards  
December 31, 2017**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development:		
Housing Choice Vouchers	14.871	\$ 378,026
Public Housing Capital Fund Program	14.872	44,625
Section 8 New Construction	14.195	128,497
Total US Department of Housing and Urban Development		<u>551,148</u>
U.S. Department of Agriculture		
Rural Development-Rental Assistance	10.427	266,818
Rural Development Loan	10.415	957,833
Total Federal Financial Awards		<u>\$ 1,224,651</u>

**Notes to the Schedule of Expenditures of Federal Awards**

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

**Loan Guarantees**

The Authority had three loans that were guaranteed by the U.S. Department of Agriculture. The ending balances of each of the loans at December 31, 2017 were \$169,652, \$668,519 and \$56,776.

**Lamar Housing Authority**  
**Schedule of Findings and Questioned Costs (Continued)**  
**December 31, 2017**

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

***Rural Rental Housing Loan Program 10.415***

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

Audited qualified as low-risk audited? \_\_\_\_\_ Yes  No

**Current Year Findings:**

**None**

**Prior Year Findings:**

**None**