



Financial Statements  
December 31, 2018

**Housing Authority of the City of  
Lakewood**

dba

**Metro West Housing Solutions**

Housing Authority of the City of Lakewood  
dba Metro West Housing Solutions  
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December 31, 2018

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements and the discretely presented component units of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and the discretely presented component units of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The accompanying combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements. The Financial Data Schedules (FDS) are presented for purposes of additional analysis as required by Housing and Urban Development Real Estate Assessment Center (REAC) and are also not a required part of the financial statements.

The combining statements, the Schedule of Expenditures of Federal Awards, and the FDS are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, the Schedule of Expenditures of Federal Awards, and the FDS are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Boise, Idaho  
May 22, 2019

The following discussion and analysis of the financial statements of the Housing Authority of the City of Lakewood, dba Metro West Housing Solutions (MWHS), provides an overview of the financial activities for the fiscal year ended December 31, 2018. Please consider the following information in addition to your review of the information in the basic financial statements.

## Financial Highlights

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

- ✓ The end of the year net position for the Primary Government and the Discretely Presented Component Units is \$69,642,947 and \$67,675,281 respectively. This represents a total increase of \$6,881,143.
- ✓ Housing Choice Voucher expenditures were \$10,977,853 representing a decrease from 2017 in the amount of \$494,897. High rents in the Denver metro market have hampered tenant's ability of finding affordable rental opportunities.
- ✓ Housing Choice Voucher Annual Contributions from HUD for 2018 were \$11,713,029 representing a decrease in the amount of \$403,480 from fiscal year 2017.
- ✓ Total Primary Government Cash and Cash Equivalents were \$2,107,703 and \$2,551,178 at December 31, 2018 and 2017, respectively. This decrease is as a result of investment in future developments and will be partly reimbursed in 2019.
- ✓ Primary Governmental Total Assets increased from \$96,514,768 to \$128,384,938 at December 31, 2018.

## Agency Overview

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

## Overview of Financial Statements

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

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

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

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

## **Government-Wide Financial Statements**

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

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

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

## **Notes to the Financial Statements**

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

## **Combining Financial Statements**

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

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

## Primary Government Financial Analysis

Changes in net position may serve as a useful indicator of changes in the financial position of an organization. On December 31, 2018, the Primary Government assets exceeded liabilities by \$69,642,947. This amount is broken down to \$6,787,530 that is net investment in capital assets and \$62,855,417 available to fund the operations of MWHS. Assets consist of \$34,500,122 in total capital assets, which make up 27% of total assets. Cash and cash equivalents represent 2% of assets at \$2,107,703; notes and accrued interest receivable represent 35% of assets at \$45,181,595.

### CONDENSED STATEMENT OF NET POSITION

	2018	2017	Percent Change
<b>Assets</b>			
Current Assets	\$ 37,249,625	\$ 12,258,438	203.9%
Noncurrent Assets	91,135,313	84,256,330	8.2%
Total Assets	128,384,938	96,514,768	33.0%
<b>Liabilities</b>			
Current Liabilities	31,866,928	7,887,096	304.0%
Noncurrent Liabilities	26,875,063	25,799,383	4.2%
Total Liabilities	58,741,991	33,686,479	74.4%
<b>Net Position</b>			
Net Investment in Capital Assets	6,787,530	7,808,759	-13.1%
Restricted for Housing Assistance Payments	-	-	-
Unrestricted	62,855,417	55,019,530	14.2%
Total Net Position	\$ 69,642,947	\$ 62,828,289	10.8%

Current assets increased by 203.9% and current liabilities increased by 304.0% due mainly to construction notes receivable from discretely presented component units and the corresponding construction notes payable. These notes are expected to be converted to permanent financing in 2019.

Revenue, including non-operating revenue and capital contributions, exceeded operating expenses by \$6,814,658. HUD Voucher funding had a decrease in 2018. This is mainly due to the tenant's inability to find reasonably priced rental units that fit within HUD guidelines. The 2017 to 2018 increase in operating revenues is mainly due to developer fee income and management fees.

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Management's Discussion and Analysis  
 December 31, 2018

	2018	2017	Percent Change
Operating Revenue			
Grants	\$ 12,303,666	\$ 13,630,563	-9.7%
Rental	3,755,482	3,758,137	-0.1%
Developer Fees	3,619,003	886,162	308.4%
Other	2,291,116	1,418,586	61.5%
Total Operating Revenue	<u>21,969,267</u>	<u>19,693,448</u>	<u>11.6%</u>
Operating Expenses	<u>17,602,103</u>	<u>17,594,733</u>	<u>0.0%</u>
Operating Income	4,367,164	2,098,715	108.1%
Nonoperating Revenue	<u>2,447,494</u>	<u>2,047,357</u>	<u>19.5%</u>
Change in Net Position	6,814,658	4,146,072	64.4%
Net Position, Beginning of Year	<u>62,828,289</u>	<u>58,682,217</u>	<u>7.1%</u>
Net Position, End of Year	<u>\$ 69,642,947</u>	<u>\$ 62,828,289</u>	<u>10.8%</u>

### Capital Assets

During 2018, there was \$1,987,247 in additions to the Primary Government Capital Assets. The 2018 increases resulted from construction in progress and building improvements during the year. Further information on Capital Assets may be found in Note 6 in the financial statements.

### Long-Term Debt

The long-term debt balance was \$27,514,592 on December 31, 2018. During 2018, there were \$3,141,589 in debt issuances and \$4,167,057 in payments on long-term debt. Further information on long-term debt may be found in Note 9 in the financial statements.

## **Future Plans for 2018**

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

## **Requests for Information**

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

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

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Statement of Net Position  
 December 31, 2018

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,107,703	\$ 2,543,620
Restricted cash and cash equivalents	473,581	4,500,144
Accounts receivable		
Tenants	20,684	74,890
Other	647,532	657,787
Developer fees	1,237,547	-
Due from discretely presented component units	1,932,235	-
Grant receivable	437,470	-
Construction notes receivable from discretely presented component units	30,153,204	-
Prepaid expenses	190,416	267,722
Notes receivable - current portion	49,253	-
Total current assets	<u>37,249,625</u>	<u>8,044,163</u>
Accrued Interest Receivable - Long-Term	<u>5,749,139</u>	<u>-</u>
Developer Fees Receivable - Long-Term	<u>3,781,547</u>	<u>-</u>
Equity Method Investments	<u>7,721,302</u>	<u>-</u>
Notes Receivable	<u>39,383,203</u>	<u>-</u>
Other Assets, Net of Accumulated Amortization	<u>-</u>	<u>1,039,309</u>
Capital Assets		
Non-depreciable	10,540,975	29,935,421
Depreciable, net	23,959,147	144,673,705
Total capital assets	<u>34,500,122</u>	<u>174,609,126</u>
Total Assets	<u><u>\$ 128,384,938</u></u>	<u><u>\$ 183,692,598</u></u>

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Statement of Net Position  
 December 31, 2018

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 63,259	\$ 661,072
Construction payable	-	2,826,002
Construction notes payable	30,153,204	-
Line of credit	198,000	-
Due to Metro West Housing Solutions	-	1,932,235
Developer fee payable	-	1,237,547
Construction notes payable to Metro West Housing Solutions	-	30,153,204
Accrued liabilities	322,501	507,703
Accrued compensated absences	334,286	72,724
Accrued interest payable	-	5,799,621
Advanced revenues	5,577	55,026
Tenant security deposits payable	150,572	455,174
Notes, mortgages and bonds payable - current portion	639,529	803,562
Total current liabilities	<u>31,866,928</u>	<u>44,503,870</u>
Long-Term Liabilities		
Developer fee payable - long-term	-	3,781,547
Notes, mortgages and bonds payable - net of current portion and unamortized debt issuance costs	<u>26,875,063</u>	<u>67,731,900</u>
Total long-term liabilities	<u>26,875,063</u>	<u>71,513,447</u>
Total liabilities	<u>58,741,991</u>	<u>116,017,317</u>
Net Position		
Net investment in capital assets	6,787,530	75,920,460
Restricted	-	-
Unrestricted	<u>62,855,417</u>	<u>(8,245,179)</u>
Total net position	<u>69,642,947</u>	<u>67,675,281</u>
Total Liabilities and Net Position	<u>\$ 128,384,938</u>	<u>\$ 183,692,598</u>

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Statement of Revenues, Expenses and Changes in Net Position  
 Year Ended December 31, 2018

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 11,713,029	\$ -
Other grants	590,637	-
Rental income	3,755,482	9,931,528
Management fees	733,400	-
Developer fee income	3,619,003	-
Other	1,557,716	160,702
Total operating revenues	<u>21,969,267</u>	<u>10,092,230</u>
Operating Expenses		
Housing assistance payments	10,977,853	-
Administrative salaries and benefits	3,020,851	1,193,888
Maintenance salaries and benefits	264,791	993,264
Regular and extraordinary maintenance	514,436	1,261,941
Other administrative	1,039,971	1,324,014
Depreciation and amortization	1,070,517	4,491,748
Utilities	312,807	922,165
Insurance	201,041	421,410
Other expenses	199,836	148,248
Total operating expenses	<u>17,602,103</u>	<u>10,756,678</u>
Operating Income (Loss)	<u>4,367,164</u>	<u>(664,448)</u>
Non-Operating Revenues (Expenses)		
Interest income	2,328,552	6,252
Gain on equity method investments	12,988	-
Gain on sale of capital assets	1,794,379	119,786
Gain on involuntary conversion of capital assets	177,320	323,954
Interest expense	(1,865,745)	(2,894,241)
Total non-operating revenues (expenses)	<u>2,447,494</u>	<u>(2,444,249)</u>
Income (Loss) Before Other		
Contributions and Distributions	<u>6,814,658</u>	<u>(3,108,697)</u>
Contributions and Distributions		
Equity contributions (net of syndication costs)	-	3,194,413
Distributions	-	(19,231)
Total contributions and distributions	<u>-</u>	<u>3,175,182</u>
Change in Net Position	6,814,658	66,485
Net Position - Beginning of Year	<u>62,828,289</u>	<u>67,608,796</u>
Net Position - End of Year	<u>\$ 69,642,947</u>	<u>\$ 67,675,281</u>

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Statement of Cash Flows  
 Year Ended December 31, 2018

	Primary Government
Operating Activities	
HUD PHA grants	\$ 11,275,559
Other grants	1,190,637
Receipts from tenants	3,741,162
Management fee income	(129,166)
Developer fee income	775,289
Other income	2,619,886
Housing assistance payments	(10,977,853)
Payments to employees	(3,255,927)
Payments to suppliers	(2,084,755)
	<u>3,154,832</u>
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Proceeds from sale of capital assets	321,687
Acquisition of capital assets	(1,967,819)
Proceeds from insurance	955,892
Proceeds from construction notes	25,667,369
Proceeds from line of credit	198,000
Proceeds from long-term debt borrowings	3,141,589
Principal payments on long-term debt	(4,167,057)
Interest paid on long-term debt	(1,865,745)
	<u>22,283,916</u>
Net Cash from Capital and Related Financing Activities	
Investing Activities	
Issuance of notes receivable	(27,746,278)
Payments received on notes receivable	290,422
Contributions to equity method investments	(2,600)
Interest income	1,462,538
	<u>(25,995,918)</u>
Net Cash used for Investing Activities	
Net Change in Cash and Cash Equivalents	(557,170)
Cash and Cash Equivalents, Beginning of Year	<u>3,138,454</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,581,284</u>

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Statement of Cash Flows  
 Year Ended December 31, 2018

	Primary Government
Reconciliation of Cash and Cash Equivalents	
Cash	\$ 2,107,703
Restricted Cash	473,581
Total Cash and Cash Equivalents	\$ 2,581,284
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 4,367,164
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	1,070,517
Changes in assets and liabilities	
(Increase) decrease in receivables	(2,480,327)
(Increase) decrease in prepaid expenses	(18,133)
Increase (decrease) in accounts payable	(120,766)
Increase (decrease) in accrued expenses	351,950
Increase (decrease) in advanced revenues	(155)
Increase (decrease) in security deposits payable	(10,709)
Increase (decrease) in tenant FSS escrow	(4,709)
Net Cash from Operating Activities	\$ 3,154,832
Supplemental Schedule of Noncash Capital and Related Financing Activities	
Noncash sale of property to related party through issuance of notes receivable	\$ 3,445,315

	Kings Row Apartments LLLP	LHA Willow Glen LLC	5100 W Alameda Holdings LLC	MWHS Lamar Station, LLLP	MWHS CityScape LLLP
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 73,757	\$ 179,198	\$ 9,719	\$ 701,113	\$ 257,061
Restricted cash and cash equivalents	513,594	251,074	328,204	653,104	630,539
Accounts receivable					
Tenants	15,987	222	3,304	11,085	748
Other	584,239	-	-	-	-
Prepaid expenses	31,903	16,160	15,382	28,789	34,962
Total current assets	<u>1,219,480</u>	<u>446,654</u>	<u>356,609</u>	<u>1,394,091</u>	<u>923,310</u>
Other Assets, Net of Accumulated Amortization	<u>1,809</u>	<u>-</u>	<u>28,696</u>	<u>78,749</u>	<u>76,880</u>
<b>Capital Assets</b>					
Non-depreciable	1,050,000	1,039,163	665,232	1,280,672	2,672,818
Depreciable, net	9,122,072	5,434,593	6,439,127	17,142,744	22,765,260
Total capital assets	<u>10,172,072</u>	<u>6,473,756</u>	<u>7,104,359</u>	<u>18,423,416</u>	<u>25,438,078</u>
<b>Total Assets</b>	<u><u>\$ 11,393,361</u></u>	<u><u>\$ 6,920,410</u></u>	<u><u>\$ 7,489,664</u></u>	<u><u>\$ 19,896,256</u></u>	<u><u>\$ 26,438,268</u></u>
<b>Liabilities and Net Position</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 31,408	\$ -	\$ -	\$ 102,181	\$ 32,644
Construction payable	-	-	-	-	-
Due to Metro West Housing Solutions	876,906	86,462	-	23,115	104,591
Developer fee payable	-	-	-	-	186,232
Construction notes payable to Metro West Housing Solutions	-	-	-	-	-
Accrued liabilities	16,655	13,418	3,585	7,725	11,153
Accrued compensated absences	2,149	3,316	1,041	20,204	11,709
Accrued interest payable	783,945	828,688	-	103,716	718,504
Advanced revenues	2,723	470	59	697	306
Tenant security deposits payable	52,406	21,651	23,500	58,757	50,715
Notes, mortgages and bonds payable - current portion	<u>138,790</u>	<u>54,199</u>	<u>38,596</u>	<u>118,048</u>	<u>155,424</u>
Total current liabilities	<u>1,904,982</u>	<u>1,008,204</u>	<u>66,781</u>	<u>434,443</u>	<u>1,271,278</u>
<b>Long-Term Liabilities</b>					
Developer fee payable - long-term	-	-	-	-	908,256
Notes, mortgages and bonds payable - net of current portion and unamortized debt issuance costs	<u>7,008,401</u>	<u>2,850,034</u>	<u>3,882,574</u>	<u>8,878,874</u>	<u>12,360,248</u>
Total long-term liabilities	<u>7,008,401</u>	<u>2,850,034</u>	<u>3,882,574</u>	<u>8,878,874</u>	<u>13,268,504</u>
Total liabilities	<u>8,913,383</u>	<u>3,858,238</u>	<u>3,949,355</u>	<u>9,313,317</u>	<u>14,539,782</u>
<b>Net Position</b>					
Net investment in capital assets	3,024,881	3,569,523	3,183,189	9,426,494	12,922,406
Unrestricted	<u>(544,903)</u>	<u>(507,351)</u>	<u>357,120</u>	<u>1,156,445</u>	<u>(1,023,920)</u>
Total net position	<u>2,479,978</u>	<u>3,062,172</u>	<u>3,540,309</u>	<u>10,582,939</u>	<u>11,898,486</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 11,393,361</u></u>	<u><u>\$ 6,920,410</u></u>	<u><u>\$ 7,489,664</u></u>	<u><u>\$ 19,896,256</u></u>	<u><u>\$ 26,438,268</u></u>

See Notes to Financial Statements

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Combining Statement of Net Position – Component Units  
 December 31, 2018

MWHS Creekside West, LLLP	Paloma Villas III, LLLP	Wolff Street Development LLLP	LHA Maplewood, LLLP	LHA Pierce Street, LLLP	MWHS Fifty Eight Hundred LLLP	MWHS Indy Street Flats, LLLP	Total
\$ 384,338	\$ 9,782	\$ 366,708	\$ 295,661	\$ 208,350	\$ 57,933	\$ -	\$ 2,543,620
374,642	132,057	269,865	616,898	279,806	54,000	396,361	4,500,144
1,817	8,794	1,437	933	-	30,563	-	74,890
73,385	-	-	-	-	163	-	657,787
29,806	14,678	17,225	28,864	29,804	20,149	-	267,722
863,988	165,311	655,235	942,356	517,960	162,808	396,361	8,044,163
18,750	14,493	13,012	21,636	10,999	774,285	-	1,039,309
1,000,000	905,787	2,047,684	1,060,500	750,000	2,810,196	14,653,369	29,935,421
11,373,081	5,445,631	5,883,706	12,226,221	11,988,137	36,853,133	-	144,673,705
12,373,081	6,351,418	7,931,390	13,286,721	12,738,137	39,663,329	14,653,369	174,609,126
\$ 13,255,819	\$ 6,531,222	\$ 8,599,637	\$ 14,250,713	\$ 13,267,096	\$ 40,600,422	\$ 15,049,730	\$ 183,692,598
\$ 73,385	\$ 18,977	\$ 401,619	\$ 651	\$ 207	\$ -	\$ -	\$ 661,072
-	-	-	-	-	294,107	2,531,895	2,826,002
-	18,500	-	-	6,100	816,261	300	1,932,235
66,062	-	-	-	-	985,253	-	1,237,547
-	-	-	-	-	25,933,366	4,219,838	30,153,204
5,323	14,292	5,983	18,343	14,287	32,225	364,714	507,703
5,337	873	1,974	10,071	7,466	8,584	-	72,724
819,959	-	-	344,270	1,823,683	317,348	59,508	5,799,621
31	574	1,059	43	48,489	575	-	55,026
26,174	23,910	32,720	66,202	37,139	62,000	-	455,174
52,225	29,166	40,441	64,367	112,306	-	-	803,562
1,048,496	106,292	483,796	503,947	2,049,677	28,449,719	7,176,255	44,503,870
-	-	-	-	-	2,873,291	-	3,781,547
5,245,798	1,163,698	1,490,383	7,769,464	5,831,865	6,569,000	4,681,561	67,731,900
5,245,798	1,163,698	1,490,383	7,769,464	5,831,865	9,442,291	4,681,561	71,513,447
6,294,294	1,269,990	1,974,179	8,273,411	7,881,542	37,892,010	11,857,816	116,017,317
7,075,058	5,158,554	6,400,566	5,452,890	6,793,966	7,160,963	5,751,970	75,920,460
(113,533)	102,678	224,892	524,412	(1,408,412)	(4,452,551)	(2,560,056)	(8,245,179)
6,961,525	5,261,232	6,625,458	5,977,302	5,385,554	2,708,412	3,191,914	67,675,281
\$ 13,255,819	\$ 6,531,222	\$ 8,599,637	\$ 14,250,713	\$ 13,267,096	\$ 40,600,422	\$ 15,049,730	\$ 183,692,598

	Kings Row Apartments LLLP	LHA Willow Glen LLC	5100 W Alameda Holdings LLC	MWHS Lamar Station, LLLP	MWHS CityScape LLLP
Operating Revenues					
Rental income	\$ 1,408,880	\$ 662,301	\$ 496,959	\$ 1,252,513	\$ 1,510,874
Other	-	94	26,640	888	4
Total operating revenues	1,408,880	662,395	523,599	1,253,401	1,510,878
Operating Expenses					
Administrative salaries and benefits	128,360	80,679	65,386	168,996	180,884
Maintenance salaries and benefits	146,898	74,421	47,941	111,368	111,582
Regular and extraordinary maintenance	176,847	111,285	54,943	94,243	58,420
Other administrative	161,403	141,443	147,854	124,147	162,481
Depreciation and amortization	386,831	240,423	272,736	599,806	871,458
Utilities	86,485	53,244	47,506	119,730	120,408
Insurance	53,675	27,218	23,891	46,324	60,248
Other expenses	8,405	3,500	5,987	18,424	7,200
Total operating expenses	1,148,904	732,213	666,244	1,283,038	1,572,681
Operating Income (Loss)	259,976	(69,818)	(142,645)	(29,637)	(61,803)
Non-Operating Revenues (Expenses)					
Interest income	390	150	335	231	-
Gain (loss) on disposal of property and equipment	128,862	-	-	-	-
Gain (loss) on involuntary conversion of property and equipment	-	17,137	-	(1,788)	(12,133)
Interest expense	(368,806)	(173,832)	(75,182)	(309,851)	(677,983)
Total Non-Operating Revenues (Expenses)	(239,554)	(156,545)	(74,847)	(311,408)	(690,116)
Income (Loss) Before Other Contributions and Distributions	20,422	(226,363)	(217,492)	(341,045)	(751,919)
Contributions and Distributions					
Equity contributions (net of syndication costs)	-	-	-	-	-
Distributions	-	(728)	(18,503)	-	-
Total Contributions and Distributions	-	(728)	(18,503)	-	-
Change in Net Position	20,422	(227,091)	(235,995)	(341,045)	(751,919)
Net Position - Beginning of Year	2,459,556	3,289,263	3,776,304	10,923,984	12,650,405
Net Position - End of Year	\$ 2,479,978	\$ 3,062,172	\$ 3,540,309	\$10,582,939	\$ 11,898,486

See Notes to Financial Statements

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Combining Statement of Revenues, Expenses and Changes in Net Position – Component Units  
 Year Ended December 31, 2018

MWHS Creekside West, LLLP	Paloma Villas III, LLLP	Wolff Street Development LLLP	LHA Maplewood, LLLP	LHA Pierce Street, LLLP	MWHS Fifty Eight Hundred LLLP	MWHS Indy Street Flats, LLLP	Total
\$ 825,688	\$ 486,628	\$ 594,835	\$1,398,018	\$ 1,167,554	\$ 127,278	\$ -	\$ 9,931,528
-	11,924	8,293	23,070	29,688	60,100	1	160,702
<u>825,688</u>	<u>498,552</u>	<u>603,128</u>	<u>1,421,088</u>	<u>1,197,242</u>	<u>187,378</u>	<u>1</u>	<u>10,092,230</u>
94,522	57,737	66,535	146,036	130,673	74,080	-	1,193,888
77,993	50,192	84,824	152,222	99,732	36,091	-	993,264
121,758	94,120	112,691	156,755	253,542	27,337	-	1,261,941
80,656	61,218	137,018	125,551	125,066	57,177	-	1,324,014
414,029	257,284	273,915	412,534	462,568	300,164	-	4,491,748
68,282	81,044	71,828	102,986	123,378	47,274	-	922,165
46,377	24,004	27,727	47,069	48,982	15,895	-	421,410
4,749	2,720	8,340	20,849	7,760	60,314	-	148,248
<u>908,366</u>	<u>628,319</u>	<u>782,878</u>	<u>1,164,002</u>	<u>1,251,701</u>	<u>618,332</u>	<u>-</u>	<u>10,756,678</u>
<u>(82,678)</u>	<u>(129,767)</u>	<u>(179,750)</u>	<u>257,086</u>	<u>(54,459)</u>	<u>(430,954)</u>	<u>1</u>	<u>(664,448)</u>
2,897	244	983	981	41	-	-	6,252
-	-	-	-	(9,076)	-	-	119,786
41,154	-	186,823	-	92,761	-	-	323,954
<u>(304,007)</u>	<u>(85,901)</u>	<u>(112,356)</u>	<u>(407,797)</u>	<u>(378,526)</u>	<u>-</u>	<u>-</u>	<u>(2,894,241)</u>
<u>(259,956)</u>	<u>(85,657)</u>	<u>75,450</u>	<u>(406,816)</u>	<u>(294,800)</u>	<u>-</u>	<u>-</u>	<u>(2,444,249)</u>
<u>(342,634)</u>	<u>(215,424)</u>	<u>(104,300)</u>	<u>(149,730)</u>	<u>(349,259)</u>	<u>(430,954)</u>	<u>1</u>	<u>(3,108,697)</u>
-	-	-	-	-	2,500	3,191,913	3,194,413
-	-	-	-	-	-	-	(19,231)
-	-	-	-	-	2,500	3,191,913	3,175,182
<u>(342,634)</u>	<u>(215,424)</u>	<u>(104,300)</u>	<u>(149,730)</u>	<u>(349,259)</u>	<u>(428,454)</u>	<u>3,191,914</u>	<u>66,485</u>
<u>7,304,159</u>	<u>5,476,656</u>	<u>6,729,758</u>	<u>6,127,032</u>	<u>5,734,813</u>	<u>3,136,866</u>	<u>-</u>	<u>67,608,796</u>
<u>\$ 6,961,525</u>	<u>\$ 5,261,232</u>	<u>\$ 6,625,458</u>	<u>\$ 5,977,302</u>	<u>\$ 5,385,554</u>	<u>\$ 2,708,412</u>	<u>\$ 3,191,914</u>	<u>\$ 67,675,281</u>

## **Note 1 - Nature of Operations and Significant Accounting Policies**

### **General**

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

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

### **Reporting Entity**

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

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

### **Blended Component Unit**

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

### **Discretely Presented Component Units**

The component unit column of the combined financial statements includes the financial data of the Authority's discretely presented component units as of December 31, 2018. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

Discretely presented component units consist of the following:

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

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

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

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

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

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

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

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

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

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

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

**MWHS Indy Street Flats LLLP (Indy Street Flats)** was formed for the purpose of owning and operating Indy Street Flats, a 115-unit multifamily housing project in Lakewood, Colorado. The managing general partner of MWHS Indy Street Flats, LLLP is wholly owned by the Authority. MWHS Indy Street Flats LLC has an ownership percentage of .01%.

#### **Basis of Accounting and Measurement Focus**

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

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

#### **Cash and Cash Equivalents**

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

#### **Accounts Receivable**

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

#### **Notes and Interest Receivable**

Notes and interest receivable are carried at amounts advanced, net of reserve for uncollectable accounts, if any. As of December 31, 2018, the Authority considered all notes and interest receivables to be fully collectable.

### **Developer Fees Receivable**

Developer fees receivable and related interest receivable are carried at the amounts earned but unpaid in accordance with the development agreements with the various entities. As of December 31, 2018, the Authority considered all developer fees and interest receivables to be fully collectable.

### **Equity Method Investments**

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

### **Capital Assets**

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

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

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

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2018.

### **Accrued Compensated Absences**

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

The amount of accumulated unpaid leave at December 31, 2018, was \$334,286 for the Authority.

### **Advanced Revenues**

As of December 31, 2018, the Authority's advanced revenues consisted of prepaid rents of \$5,577.

### **Components of Net Position**

Components of net position include the following:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the Statement of Net Position that are subject to restraints on their use by HUD or other outside third party or enabling legislation.
- Unrestricted Net Position – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the Statement of Net Position that are not subject to restraints on their use.

### **Fraud Recovery**

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

### **Operating Revenues and Expenses**

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

### **Restricted and Unrestricted Resources**

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

### **Business and Credit Risk**

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

### **Budgetary**

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

## **Accounting Estimates**

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

## **Note 2 - Deposits and Investments**

### **Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The general depository agreement required by the annual contract with HUD has additional requirements, which the Authority met in 2018.

### **Primary Government**

#### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2018, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2018, the Authority's carrying amount of deposits was \$2,581,284, and the bank balance was \$3,448,785. Of the bank balances, \$718,465 was covered by Federal Depository Insurance. Of the remaining balances for 2018, \$2,730,320 was collateralized with securities held by a pledging financial institution's agent in the government's name.

### **Investments**

#### **Authorized Investments**

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

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

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

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

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of December 31, 2018, investments held by the Authority are held in a local government investment pool totaling \$542,201. These funds are classified as cash and cash equivalents on the Statement of Net Position.

### **Credit Risk**

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

At December 31, 2018, the Authority had \$542,201 invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. The Trust has a weighted average maturity to reset (WAM(R)) that is managed at under 60 days.

## **Note 3 - Restricted Cash**

### **Primary Government**

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

**Note 4 - Notes Receivable**

**Primary Government**

	Principal	Accrued Interest	Total
<u>Notes Receivable from Discretely Presented Component Units:</u>			
5.00% note receivable from Kings Row Apartments LLLP, for the purchase and rehabilitation of Belmar Apartments, loan was funded from Series 2004 bond proceeds with interest rates ranging from 4.22% to 5.59%, due in varying monthly principal and interest installments, with a maturity date of January 2022, secured by a deed of trust and regulatory agreement on the Belmar Apartments property	\$ 5,636,897	\$ -	\$ 5,636,897
5.00% note receivable from Kings Row Apartments LLLP, unpaid principal and interest due December 31, 2021, secured by a deed of trust and security agreement on the Belmar Apartments property	800,000	783,945	1,583,945
0.00% note receivable from Kings Row Apartments LLLP, unpaid principal due January 2022	742,159	-	742,159
3.00% note receivable from LHA Willow Glen LLC, payments due to the extent the Company generates cash flow, remaining principal and accrued interest due December 2020, secured by a deed of trust and security agreement on the Willow Glen property	1,176,256	707,747	1,884,003
3.00% note receivable from LHA Willow Glen LLC, payments due to the extent the Company generates cash flow, remaining principal and accrued interest due December 2020, secured by a deed of trust and security agreement on the Willow Glen property	200,000	120,941	320,941
2.00% note receivable from MWHS Lamar Station, LLLP, principal may be drawn to a total of \$4,112,500, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	3,612,500	76,406	3,688,906
2.00% note receivable from MWHS Lamar Station, LLLP, (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	500,000	10,816	510,816

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	Principal	Accrued Interest	Total
2.00% note receivable from MWHS Lamar Station, LLLP, (HOME), payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	696,123	16,494	712,617
4.00% note receivable from MWHS CityScape, LLLP, (County HOME), principal may be drawn to a total of \$900,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	900,000	123,438	1,023,438
4.00% note receivable from MWHS CityScape, LLLP, (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	500,000	78,557	578,557
4.00% note receivable from MWHS CityScape, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	2,262,836	410,364	2,673,200
7.35% note receivable from MWHS Creekside West, LLLP, due in monthly installments of \$19,196, including interest, through the maturity date of March 2030, secured by a deed of trust and security agreement on the Creekside West property - see (A) below	2,452,626	-	2,452,626
0.00% note receivable from MWHS Creekside West, LLLP (Land Loan) payments due to the extent the Partnership generates cash flow, remaining principal balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	1,000,000	-	1,000,000
4.25% note receivable from MWHS Creekside West, LLLP (Development), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	608,765	266,682	875,447
4.25% note receivable from MWHS Creekside West, LLLP (AHP), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2029, secured by a deed of trust and security agreement on the Creekside West property	300,000	130,123	430,123

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	Principal	Accrued Interest	Total
4.25% note receivable from MWHS Creekside West, LLLP (CDOH HOME), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	197,555	697,555
4.25% note receivable from MWHS Creekside West, LLLP (City HOME), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	223,303	723,303
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	1,000,000	48,218	1,048,218
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	105,000	5,063	110,063
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	843,254	46,086	889,340
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	300,000	32,946	332,946
4.60% note receivable from LHA Maplewood, LLLP, interest compounded annually, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2058, secured by a deed, security agreement and financing statement on the Maplewood Apartments property	500,000	211,957	711,957

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	Principal	Accrued Interest	Total
4.80% note receivable from LHA Pierce Street, LLLP (FHLB-AHP), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	300,000	234,996	534,996
4.80% note receivable from LHA Pierce Street, LLLP (HOME), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	465,862	25,348	491,210
4.80% note receivable from LHA Pierce Street, LLLP (CDOH), payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	700,000	519,286	1,219,286
4.80% note receivable from LHA Pierce Street, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	1,123,699	1,044,053	2,167,752
1.00% note receivable from MWHS Fifty Eight Hundred, LLLP, principal may be drawn to a total of \$800,000, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	799,000	10,091	809,091
1.00% note receivable from MWHS Fifty Eight Hundred, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	800,000	12,254	812,254
2.82% note receivable from MWHS Fifty Eight Hundred, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	4,370,000	207,938	4,577,938

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	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
1.00% note receivable from MWHS Fifty Eight Hundred, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	600,000	5,967	605,967
3.00% note receivable from MWHS Indy Street Flats, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due August 2058, secured by a deed of trust and security agreement on the Indy Street Flats property	3,445,315	46,724	3,492,039
3.00% note receivable from MWHS Indy Street Flats, LLLP, principal may be drawn to a total of \$300,000, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due August 2058, secured by a deed of trust and security agreement on the Indy Street Flats property	299,000	74	299,074
3.00% note receivable from MWHS Indy Street Flats, LLLP, payments due to the extent the Partnership generates cash flow, remaining principal and accrued interest balance due August 2058, secured by a deed of trust and security agreement on the Indy Street Flats property	<u>937,246</u>	<u>12,711</u>	<u>949,957</u>
Total Notes Receivable from Discretely Presented Component Units	<u>38,976,538</u>	<u>5,610,083</u>	<u>44,586,621</u>
<u>Notes Receivable - Other</u>			
3.00% note receivable from Fairfield Ridgemoor L.P. for the development and rehabilitation of Ridgemoor Apartments, due in annual installments equal to the lesser of \$30,785 or 75% of the property's residual annual cash flow, unpaid principal and accrued interest due March 2035, secured by a deed of trust on the property	442,792	30,615	473,407
Non-interest-bearing Rental Rehabilitation Program notes receivable, issued for the purpose of rehabilitation of affordable housing, no monthly payments required, loan balance is due when property is sold, secured by a lien on the property	<u>13,126</u>	<u>-</u>	<u>13,126</u>
Total Notes Receivable - Other	<u>455,918</u>	<u>30,615</u>	<u>486,533</u>
Total Notes Receivable	39,432,456	5,640,698	45,073,154
Less current portion	<u>(49,253)</u>	<u>-</u>	<u>(49,253)</u>
Total Notes Receivable, Net of Current Portion	<u>\$ 39,383,203</u>	<u>\$ 5,640,698</u>	<u>\$ 45,023,901</u>

(A) Subsequent to year-end, the 7.35% note receivable from MWHS Creekside West, LLLP was sold to FirstBank for a purchase price of \$2,436,287, the outstanding principal balance of the note receivable on April 1, 2019.

In addition to interest on notes receivable, the Authority charges interest on developer fees receivable from MWHS CityScape, LLLP and MWHS Creekside West, LLLP. At December 31, 2018, the balance of accrued interest receivable consisted of the following:

Accrued interest receivable on notes receivable	\$5,640,698
Accrued interest receivable on developer fees - Notes 13 and 16:	
MWHS CityScape, LLLP	106,145
MWHS Creekside West, LLLP	<u>2,296</u>
Total interest receivable	<u><u>\$5,749,139</u></u>

**Construction Notes Receivable from Discretely Presented Component Units**

*MWHS Fifty Eight Hundred*

The Authority is financing the construction of the MWHS Fifty Eight Hundred project in part with a variable rate note payable to KeyBank National Association (KeyBank) – Note 7. The Authority holds a construction note receivable from MWHS Fifty Eight Hundred totaling \$25,933,366 at December 31, 2018. Terms of the note receivable are the same as the terms of the Authority’s corresponding note payable to KeyBank. The construction note receivable is expected to be converted to a long-term note receivable upon the completion of the conditions specified in the note payable agreement with KeyBank. The note receivable may be drawn to a maximum of \$26,333,146. The note receivable is secured by a deed of trust on the Fifty Eight Hundred Apartments property.

*MWHS Indy Street Flats*

The Authority is financing the construction of the MWHS Indy Street Flats project in part with a variable rate note payable to FirstBank – Note 7. The Authority holds a construction note receivable from MWHS Indy Street Flats totaling \$4,219,838 at December 31, 2018. Terms of the note receivable are the same as the terms of the Authority’s corresponding note payable to FirstBank. The construction note receivable is expected to be converted to a long-term note receivable upon the completion of the conditions specified in the note payable agreement with FirstBank. The note receivable may be drawn to a maximum of \$18,900,000. The note receivable is secured by a deed of trust on the Indy Street Flats property.

**Note 5 - Equity Method Investments**

At December 31, 2018, the Authority's equity method investments consisted of the following:

Discretely Presented Component Units:

Kings Row Apartments LLLP	\$ 1,204,652
LHA Willow Glen LLC	1,252,753
5100 W Alameda Holdings LLC	773,269
MWHS Lamar Station, LLLP	1,452,512
MWHS CityScape, LLLP	1,200,000
Paloma Villas III, LLLP	421,289
Wolff Street Development LLLP	684,139
LHA Maplewood, LLLP	876
LHA Pierce Street, LLLP	146,401
MWHS Fifty Eight Hundred, LLLP	2,500
MWHS Indy Street Flats, LLLP	100

7,138,491

Other:

Cedars Joint Venture - see (A) below	582,711
Foothills Green, LP - see (B) below	100

582,811

\$ 7,721,302

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

**Note 6 - Capital Assets**

The following is a summary of property, structures and equipment for the year ended December 31, 2018:

**Primary Government**

	Balance January 1	Additions	Disposals	Transfers	Balance December 31
Nondepreciable assets					
Land	\$10,710,466	\$ -	\$ (1,198,464)	\$ -	\$ 9,512,002
Construction in progress	875,537	768,489	(19,430)	(595,623)	1,028,973
Total capital assets not being depreciated	<u>11,586,003</u>	<u>768,489</u>	<u>(1,217,894)</u>	<u>(595,623)</u>	<u>10,540,975</u>
Depreciable assets					
Buildings and improvements	31,709,585	1,218,758	(2,151,683)	595,623	31,372,283
Equipment and furniture	196,993	-	-	-	196,993
Total buildings and improvements	<u>31,906,578</u>	<u>1,218,758</u>	<u>(2,151,683)</u>	<u>595,623</u>	<u>31,569,276</u>
Accumulated depreciation	<u>(7,143,762)</u>	<u>(1,065,322)</u>	<u>598,955</u>	<u>-</u>	<u>(7,610,129)</u>
Total capital assets being depreciated	<u>24,762,816</u>	<u>153,436</u>	<u>(1,552,728)</u>	<u>595,623</u>	<u>23,959,147</u>
Total capital assets, net	<u><u>\$36,348,819</u></u>	<u><u>\$ 921,925</u></u>	<u><u>\$ (2,770,622)</u></u>	<u><u>\$ -</u></u>	<u><u>\$34,500,122</u></u>

**Note 7 - Construction Notes Payable**

*MWHS Fifty Eight Hundred*

The Authority is financing the construction of the MWHS Fifty Eight Hundred project in part with a variable rate note payable to KeyBank National Association. The construction note is expected to be converted to permanent financing upon the completion of the conditions specified in the note agreement. Interest during construction is calculated at the Adjusted One Month LIBOR Rate plus 2.20% (3.775% at December 31, 2018) with a maximum rate of 12%. The interest rate is reset on a monthly basis. Monthly payments of interest are to be made through the date the loan is converted to permanent financing. Upon conversion, the interest rate is to be set at a fixed rate of 5.01%. Monthly payments of principal and interest will be due in the amount of \$54,575, through the maturity date of May 2035, with a final balloon payment due. The note may be drawn to a maximum of \$26,333,146. As of December 31, 2018, the Authority owed principal of \$25,933,366 on this note. The note is secured by a deed of trust and on the Fifty Eight Hundred Apartments property. No principal was paid on this note in 2018.

*MWHS Indy Street Flats*

The Authority is financing the construction of the MWHS Indy Street Flats project in part with a variable rate note payable to FirstBank. The construction note is expected to be converted to permanent financing upon the completion of the conditions specified in the note agreement. Interest during construction is calculated at the Wall Street Journal Prime Rate plus 1.0% (4.15% at December 31, 2018) with a minimum rate of 4.5%. The interest rate is reset on a monthly basis. Monthly payments of interest are to be made through the date the loan is converted to permanent financing. Upon conversion, the interest rate is to be set at a fixed rate of 4.15% through the maturity date of July 1, 2036. As of December 31, 2018, the Authority owed principal of \$4,219,838 on this note. The note may be drawn to a maximum of \$18,900,000. The note is secured by a deed of trust and on the Indy Street Flats property. No principal was paid on this note in 2018.

**Note 8 - Line of Credit**

The Authority has a \$3,000,000 revolving line of credit with KeyBank which is being used to fund various construction projects of the Authority. Interest payments are due monthly, and any remaining principal balance is due upon the maturity date of June, 2019. The line of credit is secured by a deed of trust, an assignment of leases and rent, an assignment of contracts, and a security agreement. At December 31, 2018, the outstanding balance of the line of credit was \$198,000. The line of credit carries various financial covenants as defined by the loan agreement. At December 31, 2018, the Authority was in compliance with these covenants.

During the year ended December 31, 2018, the following changes occurred in the line of credit:

	Balance January 1	Increases	Decreases	Balance December 31
Line of Credit	\$ -	\$ 198,000	\$ -	\$ 198,000

**Note 9 - Long-Term Debt**

During the year ended December 31, 2018, the following changes occurred in long-term debt:

**Primary Government**

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes and Mortgages Payable	\$28,540,060	\$ 3,141,589	\$ (4,167,057)	\$27,514,592	\$ 639,529

Long-term debt as of December 31, 2018, consists of the following:

**Primary Government**

**Notes and Mortgages Payable**

3.95% note payable, due in monthly installments of \$26,754, including interest, with a maturity date of May 2024, secured by a deed of trust on the Marston Pointe property	\$ 5,107,850
6.25% note payable, interest rate increases to 6.50% on January 1, 2019, due in monthly installments of \$12,698, including interest, with a maturity date of December 2021, secured by a deed of trust on the Marston Pointe property	1,878,032
3.95% note payable, due in monthly installments of \$47,759, including interest, with a maturity date of May 2024, secured by a deed of trust on the Marston Pointe property	9,094,008
4.07% note payable, due in monthly installments of \$9,528, including interest, with a maturity date of February 2038, interest rate increases to 4.54% and payment increases to \$9,925 in March 2028, secured by a deed of trust and assignment of rents on the Paloma I property	1,933,754
4.07% note payable, due in monthly installments of \$5,703, including interest, with a maturity date of February 2038, interest rate increases to 4.54% and payment increases to \$5,941 in March 2028, secured by a deed of trust and assignment of rents on the Paloma II property	1,156,678
5.45% note payable, interest rate set until May 1, 2024, thereafter adjusted to the index as defined in the loan agreement plus 3% with a floor of 4.5%, due in monthly installments of \$12,167, including interest, with a maturity date of May 2027, secured by a deed of trust on the 5800 W Alameda property	1,676,226
4.50% note payable, due in monthly installments of \$6,211, including interest, with a maturity date of November 2025, secured by a deed of trust on the Van Gordon property	1,031,147
	21,877,695

**Bonds Payable:**

Series 2004 Multifamily Housing Revenue Bonds, interest at 5.00% percent, varying monthly payments of principal and interest, until January 2022 at which time a balloon payment of \$5,221,049 is due, secured by a deed of trust on the Belmar Apartments property	<u>5,636,897</u>
Total Notes, Mortgages and Bonds Payable	<u><u>\$ 27,514,592</u></u>

The Marston Pointe, Paloma I, Paloma II, and Van Gordon notes payable carry various financial covenants as defined by their respective loan agreements. At December 31, 2018, the Authority was in compliance with these covenants.

The estimated debt requirements to maturity for the year ending December 31, 2018 are as follows:

**Primary Government**

	Principal	Interest	Total
2019	\$ 639,529	\$ 1,227,385	\$ 1,866,914
2020	665,601	1,201,032	1,866,633
2021	2,470,005	1,209,284	3,679,289
2022	5,716,794	833,445	6,550,239
2023	541,100	788,090	1,329,190
2024-2028	14,401,725	1,102,967	15,504,692
2029-2033	685,393	639,275	1,324,668
2034-2038	2,283,351	406,366	2,689,717
2039-2040	111,094	6,319	117,413
	<u>\$ 27,514,592</u>	<u>\$ 7,414,163</u>	<u>\$ 34,928,755</u>
Total	<u>\$ 27,514,592</u>	<u>\$ 7,414,163</u>	<u>\$ 34,928,755</u>

### **Note 10 - Conduit Debt**

The Authority is allowed by State statutes to provide private activity bonding authority to private sector entities for projects that serve the public interest. The Authority has issued Multifamily Housing Revenue Bonds to finance the acquisition and rehabilitation of a 252-unit multifamily housing project known as Mountain View Village Apartments and a 200-unit multifamily housing project known as The Cliffs at Lakewood Apartments. The bonds are secured by the property being financed and are payable solely from revenues of the property. Upon repayment of the bonds, ownership of the property transfers to the private sector entity. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The original bond issuances were \$30,850,000. At December 31, 2018, the outstanding principal balance of the bonds was \$25,490,000.

### **Note 11 - Annual Contributions Contract**

The Authority has an annual contributions contract for housing choice vouchers and adjustments vary based on requirements. The maximum contract was \$12,084,315 for the year ended December 31, 2018.

### **Note 12 - Employee Pension Plans**

#### **Defined Contribution Plan**

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

During 2018, employer contributions to the plan totaled \$427,086.

#### **Deferred Compensation Plan**

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

**Note 13 - Related Party Transactions**

**Management Fees and Reimbursed Expenses**

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

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

During 2018, the Authority received the following management fees, accounting fees and reimbursed expenses from the various related entities:

	Bookkeeping Fees	Management Fees	Reimbursed Expenses
Kings Row Apartments, LLLP	\$ -	\$ 68,623	\$ 281,200
LHA Willow Glen LLC	3,360	32,185	156,500
5100 W Alameda Holdings LLC	2,400	25,699	115,692
MWHS Lamar Station, LLLP	-	58,712	276,000
MWHS CityScape LLLP	-	75,073	315,900
MWHS Creekside West, LLLP	3,936	39,809	172,000
Paloma Villas III, LLLP	-	23,470	209,000
Wolff Street Development LLLP	-	29,344	163,600
LHA Maplewood, LLLP	-	68,488	219,000
LHA Pierce Street, LLLP	-	57,232	229,800
MWHS Fifty Eight Hundred, LLLP	-	5,819	81,200
	<u>\$ 9,696</u>	<u>\$ 484,454</u>	<u>\$ 2,219,892</u>

**Developer Fees**

MWHS CityScape, LLLP – A developer fee of \$2,534,935 to the Authority has been capitalized as part of the building costs. The developer fee is to be paid out of capital contributions, per the development agreement and any remaining developer fee payable is to be paid from available cash flows. Unpaid developer fee amounts will incur interest at a rate of 4% annually after the final capital contribution is received. All unpaid developer fees shall be paid in full on or before December 31, 2030. During 2018, the Partnership paid \$155,787 for developer fees. As of December 31, 2018, the Partnership owed \$1,094,488 to the Authority for developer fees. During 2018, interest of \$52,170 was incurred on the remaining developer fee payable. At December 31, 2018, the Partnership owed \$106,145 for accrued interest on the developer fees.

MWHS Creekside West, LLLP – A developer fee of \$1,531,052 was capitalized as part of the building costs. During 2018, the Partnership paid \$87,335 on the deferred developer fee and \$3,176 in interest on the deferred developer fee. As of December 31, 2018, the Partnership owed \$66,062 for deferred developer fees. The remaining balance is expected to be paid from available cash flow. All unpaid principal and interest due on the 13th anniversary of the completion date. The deferred developer fee bears an interest rate at the long-term applicable federal rate (AFR) (3.31% as of December 31, 2018), compounding annually. During 2018, the Partnership incurred interest of \$2,296 on the deferred developer fee. As of December 31, 2018, the Partnership owed \$2,296 for accrued interest.

MWHS Fifty Eight Hundred, LLLP – A developer fee of \$3,858,544 was capitalized as part of the building costs. The developer fee is to be paid out of capital contributions, per the development agreement and any remaining developer fee payable is to be paid from available cash flows. Unpaid developer fee amounts will incur interest at a rate of 1% annually after the final capital contribution is received. As of December 31, 2018, the final contribution has not been received, therefore no interest has been incurred. At December 31, 2018, the Partnership owed \$3,858,544 to the Authority for developer fees.

**Notes Payable**

The Authority has entered into multiple loan agreements with the related entities. Provisions of the notes and balances of interest receivable/payable are detailed in Notes 4 and 8. During 2018, the related entities incurred the following interest amounts on the related party notes:

Kings Row Apartments, LLLP	\$ 360,840
LHA Willow Glen LLC	64,328
MWHS Lamar Station, LLLP	103,716
MWHS CityScape LLLP	164,354
MWHS Creekside West, LLLP	295,677
LHA Maplewood, LLLP	139,902
LHA Pierce Street, LLLP	204,983
MWHS Fifty Eight Hundred, LLLP	807,916
MWHS Indy Street Flats, LLLP	80,548
	\$ 2,222,264

**Partnership/Company Management Fees**

Kings Row Apartments LLLP - Pursuant to the partnership agreement, the Partnership is to pay the Authority an annual, cumulative fee equal of \$25,000, increasing 3% each year. Amounts are paid out of available cash flow. During 2018, the Partnership incurred \$36,714 in partnership management fees. As of December 31, 2018, the Partnership owed \$427,162 for this fee.

LHA Willow Glen LLC – Pursuant to the operating agreement, the Company is to pay the Authority an annual fee equal to the lesser of (i) \$35,000 (which shall increase at 3% per annum) and (ii) the remaining gross cash receipts from operations, pursuant to section 5.1 of the operating agreement, for services provided in managing the business of the Company. During 2018, the Company incurred and paid company management fees of \$51,399.

LHA Pierce Street, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership management fee equal to \$5,000, adjusted annually by the annual percentage increase in CPI. During 2018, the Partnership incurred asset management fees of \$6,302. As of December 31, 2018, the Partnership owed \$6,100 for this fee.

### **Partnership Administration Fee**

MWHS Lamar Station, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership administration fee equal to \$20,537, increasing annually by 3%. During 2018, the Partnership incurred partnership administration fees of \$23,115. As of December 31, 2018, the Partnership owed \$23,115 to the Authority for this fee.

MWHS CityScape, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership administration fee equal to \$25,000, increasing annually by 3%. During 2018, the Partnership incurred partnership administration fees of \$27,318. As of December 31, 2018, the Partnership owed \$104,591 to the Authority for this fee.

Paloma Villas III, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority an annual, cumulative fee equal to \$25,000, increasing 3% each year. Amounts are paid out of available cash flow; however, if cash flow is not available, the fee will accumulate but will only be expensed in the year it was paid. For the year ended December 31, 2018, the Partnership did not incur or pay any partnership administration fees to the Authority.

Wolff Street Development LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority an annual, cumulative fee, equal to \$40,000, increasing 3% each year. Amounts are paid out of available cash flow. The fee will not be accrued but will be expensed in the year paid. For the year ended December 31, 2018, the Partnership incurred and paid \$65,532 to the Authority.

MWHS Fifty Eight Hundred, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the Authority a cumulative partnership administration fee equal to \$10,000 annually, until the end of the compliance period for managing the Partnership's operations and assets and other related services. During 2018, the Partnership incurred partnership administration fees of \$2,500. As of December 31, 2018, the Partnership owed \$2,500 to the Authority for this fee.

### **Operating Deficit Guaranty**

Kings Row Apartments LLLP – Pursuant to the operating deficit guaranty, the Authority agreed to loan funds to the Partnership. Operating deficit loans are to be repaid based on cash flows as defined in the partnership agreement. As of December 31, 2018, the Partnership owed \$449,744 to the Authority for operating deficit loans.

### **Loan Shortfall Guaranty**

MWHS Fifty Eight Hundred, LLLP – Pursuant to the partnership agreement, the Authority is obligated to provide funds to the Partnership in the event that the proceeds of the construction loan and secondary loans are less than the costs of construction. As of December 31, 2018, the Partnership owed \$777,759 to the Authority for loan shortfall guaranty loans. The amount will be repaid from available cash flows of the project.

### **Incentive Management Fee**

LHA Willow Glen LLC – Pursuant to the operating agreement, the Company is to pay the Authority a non-cumulative fee equal to 80% of remaining gross cash receipts from operations, pursuant to section 5.1 of the operating agreement, for services provided in managing the business of the Company. The incentive management fee shall not exceed \$35,000 per year. During 2018, the Company incurred and paid incentive management fees of \$2,911.

5100 W Alameda Holdings LLC – Pursuant to the operating agreement, the Company is to pay the Authority a non-cumulative fee equal to 80% of net cash flow available, as defined in the operating agreement, for services provided in managing the business of the Company. During 2018, the Company incurred and paid incentive management fees of \$74,018 to the Authority.

### **Due to Related Party**

LHA Willow Glen LLC - The Authority loaned the Company funds to help pay for development costs. The loan is noninterest bearing and shall be paid out of cash flow as defined in the operating agreement. As of December 31, 2018, \$86,462 remained payable to the Authority.

Paloma Villas III, LLLP – In a prior year, the Authority made advances to the Partnership to fund major improvements to the building. During 2018, the Authority made additional advances of \$18,500 to the Partnership to cover operating deficits of the Partnership. As of December 31, 2018, the Partnership owed the Authority \$18,500 for the advances, which are expected to be repaid from available cash flow. During 2018, the Company paid the Authority \$37,500 from available cash flow toward these advances.

MWHS Fifty Eight Hundred, LLLP – As of December 31, 2018, the Company owed the Authority \$36,002 for payroll and other reimbursements.

MWHS Indy Street Flats, LLLP – As of December 31, 2018, the Company owed the Authority \$300 for construction related items.

### **Distributions**

Paloma Villas III, LLLP – Pursuant to the partnership agreement, the Partnership is to pay the partners annual distributions to the extent of available cash flow. The Partnership paid no distributions to the Authority in 2018.

5100 W Alameda Holdings, LLC – Pursuant to the company agreement, the Company is to pay the members annual distributions to the extent of available cash flow. The Company paid no distributions to the Authority in 2018.

**Note 14 - Commitments and Contingencies**

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

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

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

**Note 15 - Condensed Component Unit Information**

Condensed component unit information for Lakewood Housing Corporation, the Authority's blended component unit, for the year ended December 31, 2018, is as follows:

**Condensed Statement of Net Position**

Assets	
Current Assets	\$ 5,092,646
Equity in Partnerships	1,105,428
Capital Assets	<u>6,346,412</u>
Total Assets	<u><u>\$ 12,544,486</u></u>
Liabilities	
Current Liabilities	\$ 134,845
Noncurrent Liabilities	<u>3,034,367</u>
Total Liabilities	3,169,212
Net Position	<u>9,375,274</u>
Total Liabilities and Net Position	<u><u>\$ 12,544,486</u></u>

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

Operating Revenues	
Tenant rent	\$ 746,967
Management fees	-
Other	290,506
Total operating revenues	1,037,473
Operating Expenses	
Administrative	500,504
Maintenance	231,325
Depreciation	278,107
Utilities	73,067
Insurance	34,610
Other	28,227
Total operating expenses	1,145,840
Operating Income (Loss)	(108,367)
Nonoperating Income (Expense)	
Interest income	6,367
Loss on disposal of capital assets	-
Interest expense	(125,307)
Total nonoperating expense	(118,940)
Change in Net Position	(227,307)
Net Position, Beginning of year	9,602,581
Net Position, End of year	\$ 9,375,274

**Condensed Statement of Cash Flows**

Net Cash From	
Operating activities	\$ 209,252
Capital and related financing activities	(298,785)
Investing activities	6,367
Net decrease in cash and cash equivalents	(83,166)
Cash and Cash Equivalents, Beginning of Year	1,743,586
Cash and Cash Equivalents, End of Year	\$ 1,660,420

**Note 16 - Discretely Presented Component Units**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the deposits of the discretely presented component units may not be returned to the entities. As of December 31, 2018, the deposits of the discretely presented component units were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

**Restricted Cash**

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

**Capital Assets**

The following is a summary of property, structures and equipment for the year ended December 31, 2018:

Land	\$ 14,652,052
Construction in progress	15,283,369
Land improvements	3,422,825
Building and improvements	167,191,922
Solar equipment	495,610
Furniture and equipment	<u>5,301,199</u>
	206,346,977
Accumulated depreciation	<u>(31,737,851)</u>
	<u><u>\$ 174,609,126</u></u>

**Accrued Compensated Absences**

The amount of accumulated unpaid leave at December 31, 2018, was \$72,724 for the discretely presented component units.

**Advanced Revenues**

At December 31, 2018, the discretely presented component units' advanced revenue consisted of prepaid rents of \$7,304 and deferred grant revenue of \$47,722.

**Construction Notes Payable**

*MWHS Fifty Eight Hundred*

MWHS Fifty Eight Hundred, LLLP is financing the construction of the housing project in part with a note to the Authority totaling \$25,933,366 at December 31, 2018 – Note 4. Terms of the note payable are the same as the terms of the Authority’s corresponding note payable to KeyBank – Note 7. The construction note payable is expected to be converted to a long-term note payable upon the completion of the conditions specified in the note payable agreement with KeyBank. The note payable may be drawn to a maximum of \$26,333,146. The note payable is secured by a deed of trust on the Fifty Eight Hundred Apartments property.

*MWHS Indy Street Flats*

MWHS Indy Street Flats, LLLP is financing the construction of the housing project in part with a note to the Authority totaling \$4,219,838 at December 31, 2018 – Note 4. Terms of the note payable are the same as the terms of the Authority’s corresponding note payable to FirstBank – Note 7. The construction note payable is expected to be converted to a long-term note payable upon the completion of the conditions specified in the note payable agreement with FirstBank. The note payable may be drawn to a maximum of \$18,900,000. The note payable is secured by a deed of trust on the Indy Street Flats property.

**Long-Term Debt**

Long-term debt as of December 31, 2018, consists of the following:

**Notes and Mortgages Payable**

	Principal	Accrued Interest	Total
<u>Notes and Mortgages Payable to Primary Government:</u>			
5.00% note payable to the Authority, for the purchase and rehabilitation of Belmar Apartments, loan was funded from Series 2004 bond proceeds with interest rates ranging from 4.22% to 5.59%, due in varying monthly principal and interest installments, with a maturity date of January 2022, secured by a deed of trust and regulatory agreement on the Belmar Apartments property, net of unamortized debt issuance costs of \$31,865, based upon effective interest rate of 5.18%	\$ 5,605,032	\$ -	\$ 5,605,032
5.00% note payable to the Authority, unpaid principal and interest due December 31, 2021, secured by a deed of trust and security agreement on the Belmar Apartments property	800,000	783,945	1,583,945
0.00% note payable to the Authority, unpaid principal due January 2022	742,159	-	742,159

Housing Authority of the City of Lakewood  
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	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
3.00% note payable to the Authority, payments due from cash flow, remaining principal and interest due December 31, 2020, secured by a deed of trust and security agreement on the Willow Glen Apartments property	1,176,256	707,747	1,884,003
3.00% note payable to the Authority, payments due from cash flow, remaining principal and interest due December 31, 2020, secured by a deed of trust and security agreement on the Willow Glen Apartments property	200,000	120,941	320,941
2.00% note payable to the Authority, principal may be drawn to a total of \$4,112,500, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	3,612,500	76,406	3,688,906
2.00% note payable to the Authority, (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	500,000	10,816	510,816
2.00% note payable to the Authority, (HOME), payments due to the extent the Partnership generates cash flow, remaining principal and interest due December 2042, secured by a deed of trust, security agreement and financing statement on the Lamar Station Crossing property	696,123	16,494	712,617
4.00% note payable to the Authority (County HOME), principal may be drawn to a total of \$900,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	900,000	123,438	1,023,438
4.00% note payable to the Authority (CDOH), principal may be drawn to a total of \$500,000, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	500,000	78,557	578,557
4.00% note payable to the Authority, payments due to the extent the Partnership generates cash flow, remaining principal and interest due December, 2044, secured by a deed of trust on the CityScape at Belmar property	2,262,836	410,364	2,673,200

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 December 31, 2018

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
7.35% note payable to the Authority, due in monthly installments of \$19,196, including interest, through the maturity date of March 2030, secured by a deed of trust and security agreement on the Creekside West property, net of unamortized debt issuance costs of \$63,368, based upon effective interest rate of 8.01% - see (A) below	2,389,258	-	2,389,258
0.00% note payable to the Authority (Land Loan), payments due from cash flow, remaining principal due December 2040, secured by a deed of trust and security agreement on the Creekside West property	1,000,000	-	1,000,000
4.25% note payable to the Authority (Development), payments due from cash flow, unpaid principal and interest due December 2040, secured by a deed of trust and security agreement on the Creekside West property	608,765	266,682	875,447
4.25% note payable to the Authority (AHP), payments due from cash flow, unpaid principal and interest due December 2029, secured by a deed of trust and security agreement on the Creekside West property	300,000	130,123	430,123
4.25% note payable to the Authority (CDOH HOME), payments due from cash flow, unpaid principal and interest due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	197,555	697,555
4.25% note payable to the Authority (City HOME), payments due from cash flow, unpaid principal and interest due December 2040, secured by a deed of trust and security agreement on the Creekside West property	500,000	223,303	723,303
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	1,000,000	48,218	1,048,218
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	105,000	5,063	110,063

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 December 31, 2018

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	843,254	46,086	889,340
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	300,000	32,946	332,946
4.60% note payable to the Authority, payments due from available cash flow, unpaid principal and interest (compounded annually) due December 2058, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property	500,000	211,957	711,957
4.80% note payable to the Authority (FHLB-AHP), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	300,000	234,996	534,996
4.80% note payable to the Authority (HOME), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	465,862	25,348	491,210
4.80% note payable to the Authority (CDOH), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement and financing statement on the Residences at Creekside property	700,000	519,286	1,219,286
4.80% note payable to the Authority (Development), payments due from available cash flow, remaining principal and interest due December 2045, secured by a deed of trust, security agreement, and financing statement on the Residences at Creekside property	1,123,699	1,044,053	2,167,752
1.00% note payable to the Authority, principal may be drawn to a total of \$800,000, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	799,000	10,091	809,091

Housing Authority of the City of Lakewood  
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Notes to Financial Statements  
December 31, 2018

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
1.00% note payable to the Authority, principal may be drawn to a total of \$840,000, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	800,000	12,254	812,254
2.82% note payable to the Authority, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	4,370,000	207,938	4,577,938
1.00% note payable to the Authority, payments due from available cash flow, remaining principal and interest due March 2057, secured by a deed of trust and security agreement on the Fifty Eight Hundred Apartments property	600,000	5,967	605,967
3.00% note payable to the Authority, payments due from available cash flow, remaining principal and interest due August 2058, secured by a deed of trust and security agreement on the Indy Street Flats property	3,445,315	46,724	3,492,039
3.00% note payable to the Authority, principal may be drawn to a total of \$300,000, payments due from available cash flow, remaining principal and interest due August 2058, secured by a deed of trust and security agreement on the Indy Street Flats property	299,000	74	299,074
3.00% note payable to the Authority, payments due from available cash flow, remaining principal and interest due August 2058, secured by a deed of trust and security agreement on the Indy Street Flats property	<u>937,246</u>	<u>12,711</u>	<u>949,957</u>
Total Notes Payable to Primary Government:	<u>38,881,305</u>	<u>5,610,083</u>	<u>44,491,388</u>

Notes and Mortgages Payable - Other:

5.05% note payable to First Bank, due in monthly installments of \$51,716, including interest, through the maturity date of September 2034, secured by a deed of trust on the CityScape at Belmar property, net of unamortized debt issuance costs of \$300,441, based on effective interest rate of 5.43%	8,852,836	-	8,852,836
6.85% mortgage note payable to U.S. Bank NA, due in monthly installments of \$13,238, including interest, with a maturity date of December 2022, secured by a deed of trust and security agreement on the Willow Glen Apartments property, net of unamortized debt issuance costs of \$3,603 based upon effective interest rate of 7.08%	1,527,977	-	1,527,977

Housing Authority of the City of Lakewood  
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 Notes to Financial Statements  
 December 31, 2018

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
0.00% TCAP note payable to Colorado Housing and Finance Authority, unpaid principal due January 2041, secured by a deed of trust on the Los Altos de Alameda property, net of unamortized debt issuance costs of \$25,862 based upon effective interest rate of 0.06%	2,192,455	-	2,192,455
4.00% note payable to First Bank, due in monthly installments of \$9,043, including interest, through the maturity date of September 2027, secured by a deed of trust on the Los Altos de Alameda property, net of unamortized debt issuance costs of \$34,410 based upon effective interest rate of 4.39%	1,728,715	-	1,728,715
4.55% mortgage note payable to FirstBank of Colorado, due in monthly installments of \$24,141, including interest, with a maturity date of June 2032, secured by a deed of trust, security agreement, and assignment of rents on the Lamar Station Crossing property, net of unamortized debt issuance costs of \$131,654 based upon effective interest rate of 5.01%	4,188,299	-	4,188,299
6.85% note payable to Colorado Housing and Finance Authority, due in monthly installments of \$9,285, including interest, through the maturity date of January 2029, secured by a deed of trust on the Paloma Villas III property, net of unamortized debt issuance costs of \$18,773 based upon effective interest rate of 7.13%	1,192,864	-	1,192,864
6.875% note payable to Colorado Housing and Finance Authority, due in monthly installments of \$12,219, including interest, through the maturity date of April 2028, secured by a deed of trust on the Villas at Sloan's Lake property, net of unamortized debt issuance costs of \$31,999, based upon effective interest rate of 7.27%	1,530,824	-	1,530,824
6.70% note payable to Colorado Housing and Finance Authority (Mortgage 1), due in monthly installments of \$25,027, including interest, through the maturity date of June 2027, secured by a deed of trust, security agreement, financing statement, and an assignment of rents and leases on the Maplewood Apartments property, net of unamortized debt issuance costs of \$17,299, based upon effective interest rate of 6.80%	3,697,802	-	3,697,802
3.00% note payable to Colorado Housing and Finance Authority (Mortgage 2), due in monthly installments of \$2,117, including interest, through the maturity date of June 2027, secured by a deed of trust, security agreement, financing statement, and an assignment of rents and leases on the Maplewood Apartments property net of unamortized debt issuance costs of \$2,349, based upon effective interest rate of 3.09%	460,644	-	460,644

Housing Authority of the City of Lakewood  
dba Metro West Housing Solutions  
Notes to Financial Statements  
December 31, 2018

	Principal	Accrued Interest	Total
0.00% TCAP note payable to Colorado Housing and Finance Authority, principal due September 2028, secured by a deed of trust, security agreement and financing statement on the Maplewood Apartments property, net of unamortized debt issuance costs of \$3,978, based upon effective interest rate of .06%	927,131	-	927,131
4.95% note payable to First Bank of Colorado, due in monthly installments of \$23,224, including interest, through the maturity date of January 2026, secured by a deed of trust and security agreement on the Residences at Creekside property, net of unamortized debt issuance costs of \$44,800, based upon effective interest rate of 5.28%	3,354,610	-	3,354,610
Total Notes Payable - Other:	29,654,157	-	29,654,157
Total Notes and Mortgages Payable	68,535,462	5,610,083	74,145,545
Less current portion	(803,562)	-	(803,562)
Total Notes Payable, Net of Current Portion	\$ 67,731,900	\$ 5,610,083	\$ 73,341,983

(A) Subsequent to year-end, the 7.35% MWHS Creekside West, LLLP note payable was sold by the Authority to FirstBank for a purchase price of \$2,436,287, the outstanding principal balance of the note payable on April 1, 2019.

At December 31, 2018, the balance of accrued interest payable for the discretely presented component units consisted of the following:

Accrued interest on notes payable	\$ 5,610,083
Accrued interest on construction loan	81,097
Accrued interest on developer fees - Notes 4 and 13:	
MWHS CityScape, LLLP	106,145
MWHS Creekside West, LLLP	2,296
Total accrued interest payable	\$ 5,799,621

The estimated debt requirements to maturity for the year ending December 31, 2018 are as follows:

	Principal	Interest	Total
2019	\$ 803,562	\$ 2,356,152	\$ 3,159,714
2020	2,318,532	3,183,814	5,502,346
2021	1,790,046	3,123,976	4,914,022
2022	8,109,642	1,898,364	10,008,006
2023	849,312	1,749,940	2,599,252
Thereafter	55,374,769	51,720,368	107,095,137
Unamortized debt issuance costs	(710,401)	-	(710,401)
Total	\$ 68,535,462	\$ 64,032,614	\$ 132,568,076



Supplementary Information  
December 31, 2018

**Housing Authority of the City of  
Lakewood**

**dba**

**Metro West Housing Solutions**

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	Community Development Block Grants 14,218	Housing Choice Vouchers 14,871	HOME Investment Partnership Program 14,239	Lakewood Housing Corporation
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 584,372	\$ 43,764	\$ 1,451,313
Restricted cash and cash equivalents	-	-	-	209,107
Accounts receivable				
Tenants	-	364	-	13,389
Other	-	820	-	235,706
Developer Fees	-	-	-	-
Due from discretely presented component units	-	-	-	18,500
Grant receivable	-	437,470	-	-
Construction note receivable from discretely presented component units	-	-	-	-
Interprogram receivable	-	-	-	3,144,991
Prepaid expenses	-	9,007	-	19,640
Notes receivable-current portion	-	-	-	-
Total current assets	-	1,032,033	43,764	5,092,646
Accrued interest receivable - long-term	-	-	-	-
Developer fees receivable - long-term	-	-	-	-
Equity in partnerships	-	-	-	1,105,428
Notes receivable, net	-	-	-	-
Non-depreciable capital assets	-	-	-	804,449
Depreciable capital assets, net	-	-	-	5,541,963
	-	-	-	7,451,840
Total assets	\$ -	\$ 1,032,033	\$ 43,764	\$ 12,544,486
<b>Liabilities and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,949
Interprogram payable	271,647	-	-	-
Construction notes payable	-	-	-	-
Line of credit	-	-	-	-
Accrued liabilities	2,646	3,903	-	16,126
Accrued compensated absences	1,404	52,679	-	16,123
Advanced revenues	-	364	-	1,800
Tenant security deposits payable	-	-	-	35,780
Notes, mortgages and bonds payable - current	-	-	-	56,067
Total current liabilities	275,697	56,946	-	134,845
<b>Noncurrent Liabilities</b>				
Notes, mortgages and bonds payable - net of current portion	-	-	-	3,034,367
Total liabilities	275,697	56,946	-	3,169,212
<b>Net Position</b>				
Net investment in capital assets	-	-	-	3,255,978
Restricted	-	-	-	-
Unrestricted	(275,697)	975,087	43,764	6,119,296
Total net position	(275,697)	975,087	43,764	9,375,274
Total liabilities and net position	\$ -	\$ 1,032,033	\$ 43,764	\$ 12,544,486

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Combining Statement of Net Position  
 December 31, 2018

Business Activities	Total	Elimination of Intercompany Activity	Total
\$ 28,254	\$ 2,107,703	\$ -	\$ 2,107,703
264,474	473,581	-	473,581
6,931	20,684	-	20,684
1,822,506	2,059,032	(1,411,500)	647,532
1,237,547	1,237,547	-	1,237,547
1,913,735	1,932,235	-	1,932,235
-	437,470	-	437,470
30,153,204	30,153,204	-	30,153,204
-	3,144,991	(3,144,991)	-
161,769	190,416	-	190,416
49,253	49,253	-	49,253
<u>35,637,673</u>	<u>41,806,116</u>	<u>(4,556,491)</u>	<u>37,249,625</u>
5,749,139	5,749,139	-	5,749,139
3,781,547	3,781,547	-	3,781,547
6,615,874	7,721,302	-	7,721,302
39,383,203	39,383,203	-	39,383,203
9,736,526	10,540,975	-	10,540,975
18,417,184	23,959,147	-	23,959,147
83,683,473	91,135,313	-	91,135,313
<u>\$ 119,321,146</u>	<u>\$ 132,941,429</u>	<u>\$ (4,556,491)</u>	<u>\$ 128,384,938</u>
\$ 1,465,810	\$ 1,474,759	\$ (1,411,500)	\$ 63,259
2,873,344	3,144,991	(3,144,991)	-
30,153,204	30,153,204	-	30,153,204
198,000	198,000	-	198,000
299,826	322,501	-	322,501
264,080	334,286	-	334,286
3,413	5,577	-	5,577
114,792	150,572	-	150,572
583,462	639,529	-	639,529
<u>35,955,931</u>	<u>36,423,419</u>	<u>(4,556,491)</u>	<u>31,866,928</u>
23,840,696	26,875,063	-	26,875,063
<u>59,796,627</u>	<u>63,298,482</u>	<u>(4,556,491)</u>	<u>58,741,991</u>
3,531,552	6,787,530	-	6,787,530
-	-	-	-
55,992,967	62,855,417	-	62,855,417
<u>59,524,519</u>	<u>69,642,947</u>	<u>-</u>	<u>69,642,947</u>
<u>\$ 119,321,146</u>	<u>\$ 132,941,429</u>	<u>\$ (4,556,491)</u>	<u>\$ 128,384,938</u>

	Community Development Block Grants 14.218	Housing Choice Vouchers 14.871	HOME Investment Partnership Program 14.239	Lakewood Housing Corporation
Operating Revenues				
HUD PHA grants	\$ -	\$ 11,713,029	\$ -	\$ -
Other grants	50,000	-	338,137	-
Rental income	-	-	-	746,967
Management fees	-	-	-	-
Developer fee income	-	-	-	-
Other	4,157	47,606	-	290,506
Total Operating Revenues	<u>54,157</u>	<u>11,760,635</u>	<u>338,137</u>	<u>1,037,473</u>
Operating Expenses				
Housing assistance payments	-	10,977,853	-	-
Administrative salaries and benefits	84,478	545,942	-	250,900
Maintenance salaries and benefits	-	-	-	94,547
Regular and extraordinary maintenance	-	16,670	-	136,778
Other administrative	22,967	194,119	-	249,604
Depreciation	-	-	-	278,107
Utilities	-	-	-	73,067
Insurance	1,388	21,083	-	34,610
Other	16,847	47,862	-	28,227
Total Operating Expenses	<u>125,680</u>	<u>11,803,529</u>	<u>-</u>	<u>1,145,840</u>
Operating Income (Loss)	<u>(71,523)</u>	<u>(42,894)</u>	<u>338,137</u>	<u>(108,367)</u>
Non-Operating Revenues (Expenses)				
Interest income	-	1,339	-	6,367
Gain on equity method investments	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Gain on involuntary conversion of capital assets	-	-	-	-
Interest expense	-	-	-	(125,307)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>1,339</u>	<u>-</u>	<u>(118,940)</u>
Income (Loss) Before Transfers	<u>(71,523)</u>	<u>(41,555)</u>	<u>338,137</u>	<u>(227,307)</u>
Interprogram transfers	<u>-</u>	<u>-</u>	<u>(338,137)</u>	<u>-</u>
Change in Net Position	<u>(71,523)</u>	<u>(41,555)</u>	<u>-</u>	<u>(227,307)</u>
Net Position - Beginning of Year	<u>(204,174)</u>	<u>1,016,642</u>	<u>43,764</u>	<u>9,602,581</u>
Net Position - End of Year	<u>\$ (275,697)</u>	<u>\$ 975,087</u>	<u>\$ 43,764</u>	<u>\$ 9,375,274</u>

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Combining Statement of Revenues, Expenses and Changes in Net Position  
 Year Ended December 31, 2018

Business Activities	Total	Elimination of Intercompany Activity	Total
\$ -	\$ 11,713,029	\$ -	\$ 11,713,029
202,500	590,637	-	590,637
3,008,515	3,755,482	-	3,755,482
931,915	931,915	(198,515)	733,400
3,619,003	3,619,003	-	3,619,003
1,278,814	1,621,083	(63,367)	1,557,716
9,040,747	22,231,149	(261,882)	21,969,267
-	10,977,853	-	10,977,853
2,139,531	3,020,851	-	3,020,851
170,244	264,791	-	264,791
360,988	514,436	-	514,436
835,163	1,301,853	(261,882)	1,039,971
792,410	1,070,517	-	1,070,517
239,740	312,807	-	312,807
143,960	201,041	-	201,041
106,900	199,836	-	199,836
4,788,936	17,863,985	(261,882)	17,602,103
4,251,811	4,367,164	-	4,367,164
2,320,846	2,328,552	-	2,328,552
12,988	12,988	-	12,988
1,794,379	1,794,379	-	1,794,379
177,320	177,320	-	177,320
(1,740,438)	(1,865,745)	-	(1,865,745)
2,565,095	2,447,494	-	2,447,494
6,816,906	6,814,658	-	6,814,658
338,137	-	-	-
7,155,043	6,814,658	-	6,814,658
52,369,476	62,828,289	-	62,828,289
\$ 59,524,519	\$ 69,642,947	\$ -	\$ 69,642,947



Single Audit  
December 31, 2018

**Housing Authority of the City of  
Lakewood**

dba

**Metro West Housing Solutions**

Housing Authority of the City of Lakewood  
 dba Metro West Housing Solutions  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2018

<u>Federal Agency/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Program</i>			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers Program	14.871		\$ 11,713,029
<i>Passed Through Jefferson County</i>			
CDBG-Entitlement Grants Cluster			
HOME Investment Partnership Program	14.239	#18-1763	338,137
<i>Passed Through City of Lakewood</i>			
Community Development Block Grant (CDBG)	14.218	15-09011	<u>50,000</u>
Total U.S. Department of Housing and Urban Development			<u>12,101,166</u>
U.S. Environmental Protection Agency			
<i>Direct Program</i>			
Brownfield Assessment and			
Cleanup Cooperative Agreements	66.818		<u>200,000</u>
Total Federal Expenditures			<u><u>\$ 12,301,166</u></u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority) under programs of the federal government for the year ended December 31, 2018. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note C – Indirect Cost Rate**

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements and the discretely presented component units of the Housing Authority of the City of Lakewood dba Metro West Housing Solutions (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated May 22, 2019. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

**Internal Control over Financial Reporting**

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

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

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

**Purpose of this Report**

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

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

Boise, Idaho  
May 22, 2019



## **Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

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

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

We have audited the Housing Authority of the City of Lakewood dba Metro West Housing Solutions’ (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority’s major federal program for the year ended December 31, 2018. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

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

### **Auditor’s Responsibility**

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

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

### **Opinion on the Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Boise, Idaho  
May 22, 2019

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516.	No

**Identification of major programs:**

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

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**Section II – Financial Statement Findings**

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None reported

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**Section III – Federal Award Findings and Questioned Costs**

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None reported

Lakewood Housing Authority (CO049)

LAKESWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type:

Audited/Single  
Audit

Fiscal Year End:

12/31/2018

	14.218 Community Development Block Grants Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$584,372	\$2,543,620	\$1,451,313	\$43,764	\$28,254	\$4,651,323		\$4,651,323
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted			\$4,044,970	\$173,327		\$149,682	\$4,367,979		\$4,367,979
114 Cash - Tenant Security Deposits			\$455,174	\$35,780		\$114,792	\$605,746		\$605,746
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$0	\$584,372	\$7,043,764	\$1,660,420	\$43,764	\$292,728	\$9,625,048	\$0	\$9,625,048
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects		\$437,470					\$437,470		\$437,470
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous		\$820	\$657,787	\$254,206		\$8,755,335	\$9,668,148	-\$1,411,500	\$8,256,648
126 Accounts Receivable - Tenants		\$364	\$74,890	\$13,389		\$6,931	\$95,574		\$95,574
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0	\$0		\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						\$30,202,457	\$30,202,457		\$30,202,457
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable						\$5,749,139	\$5,749,139		\$5,749,139
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$438,654	\$732,677	\$267,595	\$0	\$44,713,862	\$46,152,788	-\$1,411,500	\$44,741,288
131 Investments - Unrestricted				\$1,105,428		\$6,615,874	\$7,721,302		\$7,721,302
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets		\$9,007	\$267,722	\$19,640		\$161,769	\$458,138		\$458,138

Lakewood Housing Authority (CO049)

LAKESWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type:

Audited/Single  
Audit

Fiscal Year End:

12/31/2018

	14.218 Community Development Block Grants Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From				\$3,144,991			\$3,144,991	-\$3,144,991	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$0	\$1,032,033	\$8,044,163	\$6,198,074	\$43,764	\$51,784,233	\$67,102,267	-\$4,556,491	\$62,545,776
161 Land			\$14,652,052	\$804,449		\$8,707,553	\$24,164,054		\$24,164,054
162 Buildings			\$170,547,185	\$9,362,502		\$21,774,531	\$201,684,218		\$201,684,218
163 Furniture, Equipment & Machinery - Dwellings			\$5,796,809			\$36,088	\$5,832,897		\$5,832,897
164 Furniture, Equipment & Machinery - Administration						\$160,905	\$160,905		\$160,905
165 Leasehold Improvements			\$67,562			\$235,250	\$302,812		\$302,812
166 Accumulated Depreciation			-\$31,737,851	-\$3,820,539		-\$3,789,590	-\$39,347,980		-\$39,347,980
167 Construction in Progress			\$15,283,369			\$1,028,973	\$16,312,342		\$16,312,342
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$174,609,126	\$6,346,412	\$0	\$28,153,710	\$209,109,248	\$0	\$209,109,248
171 Notes, Loans and Mortgages Receivable - Non-Current						\$39,383,203	\$39,383,203		\$39,383,203
172 Notes, Loans, & Mortgages Receivable - Non Current Past Due									
173 Grants Receivable - Non Current									
174 Other Assets			\$1,039,309				\$1,039,309		\$1,039,309
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$0	\$0	\$175,648,435	\$6,346,412	\$0	\$67,536,913	\$249,531,760	\$0	\$249,531,760
200 Deferred Outflow of Resources									

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type:

Audited/Single  
Audit

Fiscal Year End:

12/31/2018

	14.218 Community Development Block Grants Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,032,033	\$183,692,598	\$12,544,486	\$43,764	\$119,321,146	\$316,634,027	-\$4,556,491	\$312,077,536
311 Bank Overdraft									
312 Accounts Payable <= 90 Days			\$4,724,621	\$8,949		\$1,465,810	\$6,199,380	-\$1,411,500	\$4,787,880
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion	\$1,404	\$52,679	\$72,724	\$16,123		\$264,080	\$407,010		\$407,010
324 Accrued Contingency Liability									
325 Accrued Interest Payable			\$5,799,621				\$5,799,621		\$5,799,621
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits			\$455,174	\$35,780		\$114,792	\$605,746		\$605,746
342 Unearned Revenue		\$364	\$55,026	\$1,800		\$3,413	\$60,603		\$60,603
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$30,956,766	\$56,067		\$583,462	\$31,596,295		\$31,596,295
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities			\$1,932,235			\$30,351,204	\$32,283,439		\$32,283,439
346 Accrued Liabilities - Other	\$2,646	\$3,903	\$507,703	\$16,126		\$299,826	\$830,204		\$830,204
347 Inter Program - Due To	\$271,647					\$2,873,344	\$3,144,991	-\$3,144,991	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$275,697	\$56,946	\$44,503,870	\$134,845	\$0	\$35,955,931	\$80,927,289	-\$4,556,491	\$76,370,798

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Balance Sheet Summary

Submission Type:

Audited/Single  
Audit

Fiscal Year End:

12/31/2018

	14.218 Community Development Block Grants Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$67,731,900	\$3,034,367		\$23,840,696	\$94,606,963		\$94,606,963
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other			\$3,781,547				\$3,781,547		\$3,781,547
354 Accrued Compensated Absences - Non Current									
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$0	\$0	\$71,513,447	\$3,034,367	\$0	\$23,840,696	\$98,388,510	\$0	\$98,388,510
300 Total Liabilities	\$275,697	\$56,946	\$116,017,317	\$3,169,212	\$0	\$59,796,627	\$179,315,799	-\$4,556,491	\$174,759,308
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets			\$75,920,460	\$3,255,978		\$3,531,552	\$82,707,990		\$82,707,990
511.4 Restricted Net Position									
512.4 Unrestricted Net Position	-\$275,697	\$975,087	-\$8,245,179	\$6,119,296	\$43,764	\$55,992,967	\$54,610,238		\$54,610,238
513 Total Equity - Net Assets / Position	-\$275,697	\$975,087	\$67,675,281	\$9,375,274	\$43,764	\$59,524,519	\$137,318,228	\$0	\$137,318,228
600 Total Liabilities, Deferred Inflows of Resources and Equity Net	\$0	\$1,032,033	\$183,692,598	\$12,544,486	\$43,764	\$119,321,146	\$316,634,027	-\$4,556,491	\$312,077,536

Lakewood Housing Authority (CO049)  
LAKEWOOD, CO

**Entity Wide Revenue and Expense Summary**

Submission Type:                      Audited/  
Single Audit                      Fiscal Year End:                      12/31/2018

	14.218 Community Development Block Grants/ Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$9,734,690	\$746,967		\$3,008,515	\$13,490,172		\$13,490,172
70400 Tenant Revenue - Other			\$196,838	\$38,214		\$160,176	\$395,228		\$395,228
70500 Total Tenant Revenue	\$0	\$0	\$9,931,528	\$785,181	\$0	\$3,168,691	\$13,885,400	\$0	\$13,885,400
70600 HUD PHA Operating Grants		\$11,140,286					\$11,140,286		\$11,140,286
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants	\$50,000				\$338,137	\$202,500	\$590,637		\$590,637
71100 Investment Income - Unrestricted		\$1,339	\$6,252	\$6,367		\$2,333,834	\$2,347,792		\$2,347,792
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery		\$47,606					\$47,606		\$47,606
71500 Other Revenue	\$4,157	\$572,743	\$3,355,115	\$252,292		\$5,669,556	\$9,853,863	-\$261,882	\$9,591,981
71600 Gain or Loss on Sale of Capital Assets			\$443,740			\$1,971,699	\$2,415,439		\$2,415,439
72000 Investment Income - Restricted		\$0					\$0		\$0
70000 Total Revenue	\$54,157	\$11,761,974	\$13,736,635	\$1,043,840	\$338,137	\$13,346,280	\$40,281,023	-\$261,882	\$40,019,141
91100 Administrative Salaries	\$71,054	\$443,276	\$928,118	\$200,381		\$1,751,894	\$3,394,723		\$3,394,723

Lakewood Housing Authority (CO049)  
LAKEWOOD, CO

**Entity Wide Revenue and Expense Summary**

Submission Type:                      Audited/  
Single Audit                      Fiscal Year End:                      12/31/2018

	14.218 Community Development Block Grants/ Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
91200 Auditing Fees		\$30,048	\$62,550	\$3,584		\$11,803	\$107,985		\$107,985
91300 Management Fee			\$484,453	\$37,614		\$160,902	\$682,969	-\$198,515	\$484,454
91310 Book-keeping Fee			\$10,371			\$900	\$11,271		\$11,271
91400 Advertising and Marketing		\$1,865	\$2,676	\$2,733		\$8,055	\$15,329		\$15,329
91500 Employee Benefit contributions - Administrative	\$13,425	\$102,666	\$265,770	\$50,519		\$387,637	\$820,017		\$820,017
91600 Office Expenses	\$11,386	\$45,144	\$213,205	\$23,468		\$121,412	\$414,615		\$414,615
91700 Legal Expense		\$17,471	\$17,007	\$3,642		\$50,123	\$88,243		\$88,243
91800 Travel	\$9,165	\$33,393	\$11,916	\$2,579		\$41,531	\$98,584		\$98,584
91810 Allocated Overhead									
91900 Other	\$11,581	\$99,591	\$530,552	\$178,564		\$481,968	\$1,302,256	-\$63,367	\$1,238,889
91000 Total Operating - Administrative	\$116,611	\$773,454	\$2,526,618	\$503,084	\$0	\$3,016,225	\$6,935,992	-\$261,882	\$6,674,110
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$7,682		\$10,515	\$1,029		\$16,589	\$35,815		\$35,815
92500 Total Tenant Services	\$7,682	\$0	\$10,515	\$1,029	\$0	\$16,589	\$35,815	\$0	\$35,815
93100 Water			\$185,289	\$17,951		\$72,405	\$275,645		\$275,645
93200 Electricity			\$366,279	\$13,372		\$68,854	\$448,505		\$448,505
93300 Gas			\$113,311	\$5,004		\$17,039	\$135,354		\$135,354
93400 Fuel									
93500 Labor									
93600 Sewer			\$151,028	\$24,891		\$54,783	\$230,702		\$230,702

Lakewood Housing Authority (CO049)  
LAKEWOOD, CO

**Entity Wide Revenue and Expense Summary**

Submission Type:                      Audited/  
Single Audit                      Fiscal Year End:                      12/31/2018

	14.218 Community Development Block Grants/ Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense			\$106,258	\$11,849		\$26,659	\$144,766		\$144,766
93000 Total Utilities	\$0	\$0	\$922,165	\$73,067	\$0	\$239,740	\$1,234,972	\$0	\$1,234,972
94100 Ordinary Maintenance and Operations - Labor			\$733,124	\$71,248		\$132,270	\$936,642		\$936,642
94200 Ordinary Maintenance and Operations - Materials and Other		\$225	\$316,124	\$51,553		\$63,792	\$431,694		\$431,694
94300 Ordinary Maintenance and Operations Contracts		\$16,445	\$936,897	\$83,873		\$282,230	\$1,319,445		\$1,319,445
94500 Employee Benefit Contributions - Ordinary Maintenance			\$260,140	\$23,300		\$37,974	\$321,414		\$321,414
94000 Total Maintenance	\$0	\$16,670	\$2,246,285	\$229,974	\$0	\$516,266	\$3,009,195	\$0	\$3,009,195
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other			\$55,630	\$3,720		\$5,000	\$64,350		\$64,350
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$55,630	\$3,720	\$0	\$5,000	\$64,350	\$0	\$64,350
96110 Property Insurance			\$388,405	\$27,845		\$105,205	\$521,455		\$521,455
96120 Liability Insurance									
96130 Workmen's Compensation	\$1,387	\$8,227	\$33,007	\$5,372		\$36,758	\$84,751		\$84,751
96140 All Other Insurance		\$12,856		\$1,392		\$1,997	\$16,245		\$16,245
96100 Total insurance Premiums	\$1,387	\$21,083	\$421,412	\$34,609	\$0	\$143,960	\$622,451	\$0	\$622,451
96200 Other General Expenses		\$14,469	\$55,000	\$13,378		\$15,000	\$97,847		\$97,847
96210 Compensated Absences									

Lakewood Housing Authority (CO049)  
LAKEWOOD, CO

**Entity Wide Revenue and Expense Summary**

Submission Type:                      Audited/  
Single Audit                      Fiscal Year End:                      12/31/2018

	14.218 Community Development Block Grants/ Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents			\$17,316	\$1,852		\$22,826	\$41,994		\$41,994
96500 Bad debt - Mortgages									
96600 Bad debt - Other			\$20,302	\$5,668		\$5,953	\$31,923		\$31,923
96800 Severance Expense									
96000 Total Other General Expenses	\$0	\$14,469	\$92,618	\$20,898	\$0	\$43,779	\$171,764	\$0	\$171,764
96710 Interest of Mortgage (or Bonds) Payable			\$2,894,241	\$125,307		\$1,740,438	\$4,759,986		\$4,759,986
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$2,894,241	\$125,307	\$0	\$1,740,438	\$4,759,986	\$0	\$4,759,986
96900 Total Operating Expenses	\$125,680	\$825,676	\$9,169,484	\$991,688	\$0	\$5,721,997	\$16,834,525	-\$261,882	\$16,572,643
97000 Excess of Operating Revenue over Operating Expenses	-\$71,523	\$10,936,298	\$4,567,151	\$52,152	\$338,137	\$7,624,283	\$23,446,498	\$0	\$23,446,498
97100 Extraordinary Maintenance			\$8,918	\$1,352		\$14,967	\$25,237		\$25,237
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments		\$10,418,226					\$10,418,226		\$10,418,226
97350 HAP Portability-In		\$559,627					\$559,627		\$559,627
97400 Depreciation Expense			\$4,491,748	\$278,107		\$792,410	\$5,562,265		\$5,562,265
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									

Lakewood Housing Authority (CO049)

LAKEWOOD, CO

Entity Wide Revenue and Expense Summary

Submission Type:

Audited/  
Single Audit

Fiscal Year End:

12/31/2018

	14.218 Community Development Block Grants/ Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$125,680	\$11,803,529	\$13,670,150	\$1,271,147	\$0	\$6,529,374	\$33,399,880	-\$261,882	\$33,137,998
10010 Operating Transfer In						\$338,137	\$338,137	-\$338,137	\$0
10020 Operating transfer Out					-\$338,137		-\$338,137	\$338,137	\$0
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	-\$338,137	\$338,137	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$71,523	-\$41,555	\$66,485	-\$227,307	\$0	\$7,155,043	\$6,881,143	\$0	\$6,881,143
11020 Required Annual Debt Principal Payments	\$0	\$0	\$734,146	\$107,050	\$0	\$2,638,336	\$3,479,532		\$3,479,532
11030 Beginning Equity	-\$204,174	\$1,016,642	\$67,608,796	\$9,602,581	\$43,764	\$52,369,476	\$130,437,085		\$130,437,085
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									
11050 Changes in Compensated Absence Balance									

Lakewood Housing Authority (CO049)  
LAKEWOOD, CO

**Entity Wide Revenue and Expense Summary**

Submission Type:                      Audited/  
Single Audit                      Fiscal Year End:                      12/31/2018

	14.218 Community Development Block Grants/ Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity		\$975,087					\$975,087		\$975,087
11180 Housing Assistance Payments Equity		\$0					\$0		\$0
11190 Unit Months Available	0	16932	11916	960		1964	31772		31772
11210 Number of Unit Months Leased	0	12531	10785	907		1911	26134		26134
11270 Excess Cash									
11610 Land Purchases									
11620 Building Purchases									
11630 Furniture & Equipment - Dwelling Purchases									
11640 Furniture & Equipment - Administrative Purchases									
11650 Leasehold Improvements Purchases									
11660 Infrastructure Purchases									
13510 CFFP Debt Service Payments									
13901 Replacement Housing Factor Funds									