

LAMAR HOUSING AUTHORITY
Financial Statements
With Independent Auditor's Report
December 31, 2018

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lamar Housing Authority

Report on the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lamar Housing Authority as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lamar Housing Authority's basic financial statements. The combining program schedules, financial data schedule, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated *March 21, 2019* on our consideration of the Lamar Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamar Housing Authority's internal control over financial reporting and compliance.



Brighton, Colorado
March 21, 2019

Management Discussion and Analysis

Management Discussion and Analysis

As management of the Lamar Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2018.

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

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

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

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

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

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

Financial Analysis

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$2,988,132 at the close of the most recent fiscal year.

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

Condensed Statement of Net Position

	2018	2017	2016	Increase (Decrease) CY vs. PY
ASSETS				
Cash and equivalents	\$ 792,784	\$ 856,404	\$ 933,832	\$ (63,620)
Other current assets	15,862	21,598	18,589	(5,736)
Capital assets	3,534,614	3,464,118	3,481,779	70,496
Total Assets	<u>4,343,260</u>	<u>4,342,120</u>	<u>4,434,200</u>	<u>1,140</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>71,696</u>	<u>128,575</u>	<u>109,377</u>	<u>(56,879)</u>
LIABILITIES				
Current liabilities	135,509	142,110	131,263	(6,601)
Long term liabilities	1,211,677	1,309,090	130,573	(97,413)
Total liabilities	<u>1,347,186</u>	<u>1,451,200</u>	<u>261,836</u>	<u>(104,014)</u>
DEFERRED INFLOWS OF RESOURCES	<u>79,638</u>	<u>10,137</u>	<u>21,240</u>	<u>69,501</u>
NET POSITION				
Net investment in capital assets	2,703,185	2,569,171	2,523,946	134,014
Restricted	239,548	232,322	170,240	7,226
Unrestricted	45,399	207,865	396,315	(162,466)
Total Net Position	<u>\$ 2,988,132</u>	<u>\$ 3,009,358</u>	<u>\$ 3,090,501</u>	<u>\$ (21,226)</u>

Condensed Statement of Activities is presented in the following table:

	2018	2017	2016	Increase (Decrease) CY vs. PY
Revenue:				
Operating Revenue	\$ 461,096	\$ 386,497	\$ 354,507	\$ 74,599
HUD Grants	489,148	345,539	783,255	143,609
Other Government Grants	384,543	408,927	258,689	(24,384)
Gain (Loss) on disposal of assets	179,565	2,000	-	177,565
Insurance proceeds	-	118,961	-	(118,961)
Interest Income	5,606	3,196	2,117	2,410
Total Revenue	<u>1,519,958</u>	<u>1,265,120</u>	<u>1,398,568</u>	<u>254,838</u>
Expenses:				
Operating Expenses	1,118,353	1,003,572	914,052	114,781
Housing Assistance Payments	430,063	378,026	423,292	52,037
Interest Expense	8,658	9,290	9,916	(632)
Total Expenses	<u>1,557,074</u>	<u>1,390,888</u>	<u>1,347,260</u>	<u>166,186</u>
Capital Contributions	<u>51,018</u>	<u>44,625</u>	<u>15,694</u>	
Change in Net Position	13,902	(81,143)	67,002	95,045
Net Position-Beginning (Restated)	2,974,230	3,090,501	3,023,499	(116,271)
Net Position-Ending	<u>\$ 2,988,132</u>	<u>\$ 3,009,358</u>	<u>\$ 3,090,501</u>	<u>\$ (21,226)</u>

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

depreciation, throughout the year. Long term liabilities increased due to the changes in pension liabilities. Operating revenue is increased by \$74,599 in 2018 due to an decrease in the vacancy rate. Operating expenses increased by \$114,781 due to an increase in various operating costs.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash from (for) Operating Activities	\$ (424,337)	\$ (388,827)	\$ (398,248)
Cash from Non Capital Financing Activities	443,628	376,440	618,652
Cash from (for) Capital and Related Financing Activities	(88,517)	(68,237)	(95,636)
Cash from (for) Investing Activities	5,606	3,196	2,117
Increase (Decrease)	<u>(63,620)</u>	<u>(77,428)</u>	<u>126,885</u>
Cash and Cash Equivalents, Beginning of Year	856,404	933,832	806,947
Cash and Cash Equivalents, End of Year	<u>\$ 792,784</u>	<u>\$ 856,404</u>	<u>\$ 933,832</u>

Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets as of December 31, 2018, amounts to \$3,534,614 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditure during fiscal year 2018 were \$456,290 relating to the upgrades to storm damage and general upgrades. The capital purchases were partially funded by \$51,018 of HUD capital grants. The Authority disposed of \$267,185 of capital assets during the year. Additional information on capital assets can be found in note 5 to the accompanying financial statements.

Long Term Debt

At the end of the year, the Authority had outstanding long-term debt of \$831,429. The Authority did not acquire any new long term debt. The only activity in long term debt was the payment of principal and interest. Additional information on the Authority's Long Term Debt can be found in Note 7.

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. The Authority has approximate 6 percent vacancy rates for their units in 2018. The Authority's rental rates have not changed in fiscal year 2018. The Authority expects that subsidy will not increase in 2018.

Request for Information

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

Basic Financial Statements

Lamar Housing Authority
Statement of Net Position
December 31, 2018

ASSETS

Current Assets	
Cash and cash equivalents	\$ 505,774
Prepaid expenses	882
Accounts receivable, net	
Tenants	14,980
Cash - restricted	287,010
Total Current Assets	<u>808,646</u>
Noncurrent Assets	
Capital assets	
Land	220,901
Buildings	6,716,778
Machinery and equipment	281,202
Less: accumulated depreciation	<u>(3,684,267)</u>
Net Capital Assets	<u>3,534,614</u>
Total Noncurrent Assets	3,534,614
Total Assets	<u>4,343,260</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pensions	67,581
Deferred Outflows - OPEB	4,115
Total Deferred Outflows of Resources	<u>71,696</u>

LIABILITIES

Current Liabilities	
Accounts payable	14,513
Other accrued liabilities	4,408
Tenant security deposits	47,462
Accrued compensated absences	5,967
Long term debt - current portion	<u>63,159</u>
Total Current Liabilities	<u>135,509</u>
Long Term Liabilities	
Net Pension Liability	406,535
Net OPEB Liability	36,872
Long term debt	<u>768,270</u>
Total Long Term Liabilities	<u>1,211,677</u>
Total Liabilities	<u>1,347,186</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	79,022
Deferred Inflows - OPEB	616
Total Deferred Inflows of Resources	<u>79,638</u>

Net Position

Net investment in capital assets	2,703,185
Restricted for capital improvements	198,601
Restricted for housing assistance	40,947
Unrestricted	<u>45,399</u>
Total Net Position	<u>\$ 2,988,132</u>

Lamar Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2018

Operating Revenues	
Dwelling Rental - Net	\$ 391,245
Management Fee	51,020
Other	18,831
Total Operating Revenues	<u>461,096</u>
Operating Expenses	
General and Administrative	435,758
Utilities	173,558
Maintenance and Operation	332,609
Depreciation	176,428
Total Operating Expenses	<u>1,118,353</u>
Operating Income (Loss)	(657,257)
Non-Operating Revenues (Expenses)	
HUD Contributions and Grants	489,148
Other Government Grants	384,543
Housing Assistance Payments	(430,063)
Gain on Sale of Assets	179,565
Interest Expense	(8,658)
Interest Income	5,606
Total Non-Operating Revenues (Expenses)	<u>620,141</u>
Income Before Capital Contributions	<u>(37,116)</u>
Capital Contributions	51,018
Change in Net Position	<u>13,902</u>
Net Position, Beginning of Year - (RESTATED)	2,974,230
Net Position, End of Year	<u>\$ 2,988,132</u>

Lamar Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows From Operating Activities:	
Cash Received from Tenants	\$ 467,102
Cash Payments to Tenants and suppliers	(634,267)
Cash Payments to Employees	(257,172)
Net Cash (Used) For Operating Activities	<u>(424,337)</u>
Cash Flows From Noncapital Financing Activities:	
HUD Contributions and Grants	489,148
Housing Assistance Payments	(430,063)
Other Governments Grants	384,543
Net Cash Provided by Non-Capital Financing Activities	<u>443,628</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of Property, Plant and Equipment	(456,290)
Capital Contributions	51,018
Insurance Proceeds	388,931
Repayment of Notes and Mortgage	(63,518)
Interest on Notes and Mortgage	(8,658)
Net Cash (Used) by Capital and Related Financing Activities	<u>(88,517)</u>
Cash Flows from Investing Activities:	
Interest Income	5,606
Net Cash Provided by Investing Activities	<u>5,606</u>
Net increase in Cash and Cash Equivalents	(63,620)
Cash and Cash Equivalents, Beginning	<u>856,404</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 792,784</u></u>
Detail of cash and cash equivalents:	
Cash - Unrestricted	505,774
Cash-Restricted	287,010
Total	<u><u>\$ 792,784</u></u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating (Loss)	(657,257)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation and Amortization	176,428
Changes in Pension Related Items	58,055
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	5,736
Accounts Payable	(6,161)
Accrued Liabilities	(495)
Accrued Compensated Absences	(913)
Tenant Security Deposits	270
Net Cash Used for Operating Activities	<u>(424,337)</u>

Lamar Housing Authority
Notes to the Financial Statements
December 31, 2018

Note 1 Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

Basis of Accounting

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

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

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

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Assets, Liabilities and Net Position

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

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

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

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

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

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

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

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

Restricted Assets - Certain resources set aside for capital improvements, are classified as restricted assets on the balance sheet in the amount of \$198,601 because they are maintained in separate bank accounts and their use is limited by applicable loan covenants. The Authority receives payments in advance that are designated for housing assistance by the Department of Housing and Urban Development. The Section 8 Housing Choice Voucher program has cash restricted for the use of low income housing on the statement of net position in the amount of \$40,947. The Authority maintains tenant security deposits in segregated accounts in the amount of \$47,462 that are classified as restricted net assets.

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

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

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

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

Estimates

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

Budgets and Budgetary Accounting

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

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

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2018, the District's cash deposits had a carrying balance of \$792,784 and a corresponding bank balance of \$823,800, of which \$500,000 was insured by the Federal Deposit Insurance Corporation, respectively.

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

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 2 Cash and Investments (Continued)

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The Authority had \$323,800 collateralized under PDPA.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2018, none of the Authority’s bank deposits were exposed to custodial credit risk.

Investments

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

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

The Authority does not have a formal investment policy.

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2018, was comprised of the following:

Program	Tenants Receivable	Allowance for Bad Debt	Receivable Net of Allowance
Low Rent	\$ 3,806	\$ (2,524)	\$ 1,282
Rural Development	37,392	(27,320)	10,072
Section 8 New Construction	12,242	(8,616)	3,626
Total	<u>\$ 53,440</u>	<u>\$ (38,460)</u>	<u>\$ 14,980</u>

Note 4 Due to Due From

The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The effect of inter program transactions has been eliminated in the Statements of Net Position. The composition of inter program balances as of December 31, 2018, is as follows:

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 4 Due to Due From (Continued)

Program	Due From Other Program	Due To Other Program	Total
Housing Choice Voucher	\$ -	\$ (3,628)	\$ (3,628)
Rural Development	-	(131,405)	(131,405)
Business Fee	135,033	-	135,033
Total	\$ 135,033	\$ (135,033)	\$ -

Note 5 Fixed Assets

The following is a summary of fixed assets at December 31, 2018

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Nondepreciable				
Land	\$ 220,901	\$ -	\$ -	\$ 220,901
Total Nondepreciable	220,901	-	-	220,901
Depreciable				
Buildings and improvements	6,532,974	450,990	(267,186)	6,716,778
Machinery and equipment	275,902	5,300	-	281,202
Total Depreciable	6,808,876	456,290	(267,186)	6,997,980
TOTAL	7,029,777	456,290	(267,186)	7,218,881
Less Accumulated Depreciation	(3,565,659)	(176,428)	57,820	(3,684,267)
Total Accumulated Depreciation	(3,565,659)	(176,428)	57,820	(3,684,267)
Net Capital Assets	\$ 3,464,118	\$ 279,862	\$ (209,366)	\$ 3,534,614

Note 6 Notes Payable

Changes in Long-term Debt during 2018 were as follows:

	Balance 12/30/2017	Additions	Reductions	Balance 12/30/2018	Due Within One Year
USDA Phase One	\$ 169,652	\$ -	\$ 13,266	\$ 156,386	\$ 12,402
USDA Phase Two	668,519	-	47,744	620,775	48,223
USDA Short Term	56,776	-	2,508	54,268	2,534
Total Long-term Debt	\$ 894,947	\$ -	\$ 63,518	\$ 831,429	\$ 63,159

Rural Development Note Payable (Phase I): On January 1, 2002, the Authority obtained a loan from United States Department of Agriculture Rural Development in the amount of \$364,711 with an interest rate of 1%. The loan proceeds were used for building housing. The note is secured by the buildings. The requirements to amortize the loan as of December 31, 2018 are as follows:

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 6 Notes Payable (Continued)

Year	Principal	Interest	Total
2019	12,402	2,499	14,901
2020	12,598	2,303	14,901
2021	12,797	2,104	14,901
2022	12,999	1,902	14,901
2023	13,205	1,696	14,901
2024-2028	69,221	5,284	74,505
2029-2031	23,164	565	23,729
Total	<u>\$ 156,386</u>	<u>\$ 16,353</u>	<u>\$ 172,739</u>

Rural Development Note Payable (Phase II): On January 1, 2002, the Authority obtained a loan from United States Department of Agriculture Rural Development in the amount of \$1,370,943 and carries a rate of interest of 1%. The loan proceeds were used for the construction of housing. The requirements to amortize the loan as of December 31, 2018 are as follows:

Year	Principal	Interest	Total
2019	48,223	5,988	54,211
2020	48,708	5,503	54,211
2021	49,197	5,014	54,211
2022	49,691	4,520	54,211
2023	50,191	4,020	54,211
2024-2028	258,619	12,434	271,053
2029-2031	116,146	1,309	117,455
Total	<u>\$ 620,775</u>	<u>\$ 38,788</u>	<u>\$ 659,563</u>

Rural Development Temporary Note Payable. - On June 15, 2005 the Authority borrowed \$60,000 from United States Department of Agriculture Rural Development for construction. The Authority borrowed additional amounts of \$21,274 on August 1, 2007 on this note. The note is unsecured and the rate of interest is 1%. The Authority started paying this loan on September 6, 2007 in monthly payments of \$255 including interest. The requirements to amortize the loan as of December 31, 2018 are as follows:

Year	Principal	Interest	Total
2019	2,534	531	3,065
2020	2,559	506	3,065
2021	2,584	481	3,065
2022	2,610	455	3,065
2023	2,636	429	3,065
2024-2028	13,585	1,736	15,321
2029-2033	14,281	1,040	15,321
2034-2038	13,479	311	13,790
Total	<u>\$ 54,268</u>	<u>\$ 5,489</u>	<u>\$ 59,757</u>

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 7 Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To *the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and December 31, 2018.

General Information about the Pension Plan

Plan description. Eligible employees of the Authority are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code.

Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 7 Defined Benefit Pension Plan (Continued)

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2018: Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 7 Defined Benefit Pension Plan (Continued)

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$32,494 for the year ended December 31, 2018.

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

At December 31, 2018, the Authority reported a liability of \$406,535 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Authority's proportion was .0365119908 percent, which was an increase of .0012169129 percent as measured at December 31, 2016. For the year ended December 31, 2018, the Authority recognized pension expense of \$59,810. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 7 Defined Benefit Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 25,432	\$ 0
Changes of assumptions or other inputs	\$ 4,295	\$ 0
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 79,022
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 6,110	\$ 0
Contributions subsequent to the measurement date	\$ 31,744	N/A
Total	\$ 67,581	\$ 79,022

The Authority reported \$13,064 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ended December 31, 2018.

<u>Year Ended</u>	<u>Pension Expense</u>
2019	\$ 55,457
2020	(8,857)
2021	(28,738)
2022	(29,303)
2023	-
Total	<u>\$ (11,441)</u>

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 7 Defined Benefit Pension Plan (Continued)

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

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

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

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 7 Defined Benefit Pension Plan (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at
- which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
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**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 7 Defined Benefit Pension Plan (Continued)

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

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

<i>Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate</i>			
Discount Rate:	6.25%	7.25%	8.25%
Proportionate share of the net pension liability	<u>\$647,479</u>	<u>\$406,535</u>	<u>\$205,674</u>

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

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 7 Defined Benefit Pension Plan (Continued)

Changes between the measurement date of the net pension liability December 31, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were \$2,614 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018 the Authority reported a liability of \$36,872 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Authority proportion of the net OPEB liability was based on Authority contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the Authority proportion was .0028371532 percent, which was an increase of .0001277758% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$1,754. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$175	\$0
Changes of assumptions or other inputs	\$0	\$0
Net difference between projected and actual earnings on OPEB plan investments	\$0	\$616
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$1,385	\$0
Contributions subsequent to the measurement date	\$2,555	N/A
Total	\$4,115	\$616

\$2,555 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u>	<u>Pension Expense</u>
2019	\$ 3,281
2020	152
2021	152
2022	(120)
2023	34
Total	<u>\$ 3,499</u>

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation aggregate	3.50 percent in
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017,
gradually rising to 4.25 percent in 2023	
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Sensitivity of the Authority proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	35,857	36,872	38,094

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on

**Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018**

Note 8 Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Authority proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$35,857	\$36,872	\$38,094

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

Note 9 Contingencies and Commitments

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

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

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2018, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Authority.

Lamar Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2018

Note 9 Contingencies and Commitments (Continued)

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

Note 11 Prior Period Adjustment

For the year ended December 31, 2018 the Authority implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the new accounting standard required the beginning fund balance to be restated. The restatement resulted in a decrease of net position in the amount of \$35,128. There was no effect on Statement of Revenues, Expenses and Changes in Net Position for the year ended.

Required Supplemental Information

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	3.6511990800%	0.0352950779%	0.0367209739%	0.0387098781%	0.0424133344%
Authority's proportional share of the net pension liability	\$ 406,535	\$ 476,604	\$ 404,511	\$ 346,960	\$ 349,028
Authority's covered payroll	256,259	218,035	205,077	206,616	226,279
Authority's percentage of net pension liability as a percent of covered payroll	159%	219%	197%	168%	154%
Total pension liability	5,396,516,000	5,123,847,000	4,762,090,000	4,647,777,000	4,517,239,000
Plan fiduciary net position	<u>4,283,086,000</u>	<u>3,773,506,000</u>	<u>3,660,509,000</u>	<u>3,751,468,000</u>	<u>3,508,312,000</u>
Net pension liability	<u>\$ 1,113,430,000</u>	<u>\$ 1,350,341,000</u>	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 1,008,927,000</u>
Plan fiduciary net position as a percentage of the total pension liability	79.4%	73.6%	76.9%	80.7%	77.7%
Net pension liability as a percentage of covered payroll	159%	219%	197%	168%	154%

*This report is intended to show 10 years of data. Additional years will be presented as the information becomes available.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily Required Contribution	32,494	29,731	27,647	26,004	26,199	28,693	34,047	31,824	33,146	30,893
Contributions in Relation to the Statutorily Required Contribution	32,494	29,731	27,647	26,004	26,199	28,693	34,047	31,824	33,146	30,893
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	256,259	218,035	205,077	206,616	226,279	268,506	250,973	261,402	243,627	263,851
Contributions as a % of Covered Payroll	12.68%	13.64%	13.48%	12.59%	11.58%	10.69%	13.57%	12.17%	13.61%	11.71%

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

	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0.0028371532%	0.0027093774%
Authority's proportional share of the net OPEB liability	\$ 36,872	\$ 35,211
Authority's covered payroll	256,259	218,035
Authority's percentage of net OPEB liability as a percent of covered payroll	14%	16%
Total OPEB liability	1,575,822,000	1,556,762,000
Plan fiduciary net position	<u>276,222,000</u>	<u>260,228,000</u>
Net OPEB liability	<u><u>\$ 1,299,600,000</u></u>	<u><u>\$ 1,296,534,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.5%	16.7%
Net OPEB liability as a percentage of covered payroll	14%	16%

*This report is intended to show 10 years of data. Additional years will be presented as the information becomes available.

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

	2017	2016
Statutorily Required Contribution	2,614	2,224
Contributions in Relation to the Statutorily Required Contribution	2,614	2,224
Contribution Deficiency (Excess)	-	-
Covered Payroll	256,259	218,035
Contributions as a % of Covered Payroll	1.02%	1.02%

*This report is intended to show 10 years of data. Additional years will be presented as the information becomes available.

Other Supplemental Information

Lamar Housing Authority
Combining Schedule of Program Net Position
December 31, 2018

	Low Rent	Housing Choice Vouchers	Rural Development	State and Local	Section 8 New Construction	Business Fee	Total
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 148,928	\$ 3,402	\$ -	\$ -	\$ 361,679	\$ 155,577	\$ 669,586
Prepaid expenses	295	15	176	176	220	-	882
Accounts receivable, net							
Tenants	1,282	-	10,072	-	3,626	-	14,980
Due from other programs	-	-	-	-	-	135,033	135,033
Cash - restricted	7,713	40,947	227,201	-	11,149	-	287,010
Total Current Assets	<u>158,218</u>	<u>44,364</u>	<u>237,449</u>	<u>176</u>	<u>376,674</u>	<u>290,610</u>	<u>1,107,491</u>
Noncurrent Assets							
Capital assets							
Land	35,957	-	147,012	-	37,932	-	220,901
Buildings	1,365,564	-	3,930,323	-	1,420,891	-	6,716,778
Machinery and equipment	57,952	-	67,468	-	140,782	15,000	281,202
Less: accumulated depreciation	(909,980)	-	(1,659,340)	-	(1,110,447)	(4,500)	(3,684,267)
Net Capital Assets	<u>549,493</u>	<u>-</u>	<u>2,485,463</u>	<u>-</u>	<u>489,158</u>	<u>10,500</u>	<u>3,534,614</u>
Total Noncurrent Assets	<u>549,493</u>	<u>-</u>	<u>2,485,463</u>	<u>-</u>	<u>489,158</u>	<u>10,500</u>	<u>3,534,614</u>
Total Assets	<u>707,711</u>	<u>44,364</u>	<u>2,722,912</u>	<u>176</u>	<u>865,832</u>	<u>301,110</u>	<u>4,642,105</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows - Pensions	18,982	5,580	14,497	2,089	22,721	3,712	67,581
Deferred Outflows - OPEB	1,156	340	883	127	1,383	226	4,115
Total Deferred Outflows of Resources	<u>20,138</u>	<u>5,920</u>	<u>15,380</u>	<u>2,216</u>	<u>24,104</u>	<u>3,938</u>	<u>71,696</u>
LIABILITIES							
Current Liabilities							
Accounts payable	-	157	-	-	-	14,356	14,513
Bank overdraft	-	-	140,297	23,515	-	-	163,812
Other accrued liabilities	-	-	-	-	-	4,408	4,408
Tenant security deposits	7,713	-	28,600	-	11,149	-	47,462
Accrued compensated absences	1,798	100	994	25	2,413	637	5,967
Due to other programs	-	3,628	131,405	-	-	-	135,033
Long term debt - current portion	-	-	63,159	-	-	-	63,159
Total Current Liabilities	<u>9,511</u>	<u>3,885</u>	<u>364,455</u>	<u>23,540</u>	<u>13,562</u>	<u>19,401</u>	<u>434,354</u>
Long Term Liabilities							
Net Pension Liability	114,189	33,568	87,205	12,568	136,677	22,328	406,535
Net OPEB Liability	10,357	3,045	7,909	1,140	12,396	2,025	36,872
Long term debt	-	-	768,270	-	-	-	768,270
Total Long Term Liabilities	<u>124,546</u>	<u>36,613</u>	<u>863,384</u>	<u>13,708</u>	<u>149,073</u>	<u>24,353</u>	<u>1,211,677</u>
Total Liabilities	<u>134,057</u>	<u>40,498</u>	<u>1,227,839</u>	<u>37,248</u>	<u>162,635</u>	<u>43,754</u>	<u>1,646,031</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows - Pensions	22,196	6,525	16,951	2,443	26,567	4,340	79,022
Deferred Inflows - OPEB	173	51	132	19	207	34	616
Total Deferred Inflows of Resources	<u>22,369</u>	<u>6,576</u>	<u>17,083</u>	<u>2,462</u>	<u>26,774</u>	<u>4,374</u>	<u>79,638</u>
Net Position							
Net investment in capital assets	549,493	-	1,654,034	-	489,158	10,500	2,703,185
Restricted for capital improvements	-	-	198,601	-	-	-	198,601
Restricted for housing assistance	-	40,947	-	-	-	-	40,947
Unrestricted	21,930	(37,737)	(359,265)	(37,318)	211,369	246,420	45,399
Total Net Position	<u>\$ 571,423</u>	<u>\$ 3,210</u>	<u>\$ 1,493,370</u>	<u>\$ (37,318)</u>	<u>\$ 700,527</u>	<u>\$ 256,920</u>	<u>\$ 2,988,132</u>

Lamar Housing Authority
Combining Schedule of Program Revenues, Expenses and Changes in Net Position
December 31, 2018

	Low Rent	Housing Choice Vouchers	Rural Development	State and Local	Section 8 New Construction	Business Fee	Total
Operating Revenues							
Dwelling Rental - Net	\$ 116,018	\$ -	\$ 103,727	\$ -	\$ 171,500	\$ -	\$ 391,245
Management Fee	-	-	-	-	-	51,020	51,020
Other	-	-	1,835	-	-	16,996	18,831
Total Operating Revenues	<u>116,018</u>	<u>-</u>	<u>105,562</u>	<u>-</u>	<u>171,500</u>	<u>68,016</u>	<u>461,096</u>
Operating Expenses							
General and Administrative	90,074	61,925	118,584	23,642	112,513	29,020	435,758
Utilities	45,499	-	42,577	-	81,412	4,070	173,558
Maintenance and Operation	100,891	210	117,735	-	112,416	1,357	332,609
Depreciation	26,820	-	104,723	-	41,885	3,000	176,428
Total Operating Expenses	<u>263,284</u>	<u>62,135</u>	<u>383,619</u>	<u>23,642</u>	<u>348,226</u>	<u>37,447</u>	<u>1,118,353</u>
Operating Income (Loss)	(147,266)	(62,135)	(278,057)	(23,642)	(176,726)	30,569	(657,257)
Non-Operating Revenues (Expenses)							
HUD Contributions and Grants	-	489,148	-	-	-	-	489,148
Other Government Grants	-	-	249,209	9,433	125,901	-	384,543
Housing Assistance Payments	-	(430,063)	-	-	-	-	(430,063)
Gain on Sale of Assets	38,125	-	86,033	-	55,407	-	179,565
Interest Expense	-	-	(8,658)	-	-	-	(8,658)
Interest Income	949	78	2,076	-	2,383	120	5,606
Total Non-Operating Revenues (Expenses)	<u>39,074</u>	<u>59,163</u>	<u>328,660</u>	<u>9,433</u>	<u>183,691</u>	<u>120</u>	<u>620,141</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(108,192)</u>	<u>(2,972)</u>	<u>50,603</u>	<u>(14,209)</u>	<u>6,965</u>	<u>30,689</u>	<u>(37,116)</u>
Capital Contributions	51,018	-	-	-	-	-	51,018
Change in Net Position	(57,174)	(2,972)	50,603	(14,209)	6,965	30,689	13,902
Net Position, Beginning of Year - (RESTATED)	<u>628,597</u>	<u>6,182</u>	<u>1,442,767</u>	<u>(23,109)</u>	<u>693,562</u>	<u>226,231</u>	<u>2,974,230</u>
Net Position, End of Year	<u>\$ 571,423</u>	<u>\$ 3,210</u>	<u>\$ 1,493,370</u>	<u>\$ (37,318)</u>	<u>\$ 700,527</u>	<u>\$ 256,920</u>	<u>\$ 2,988,132</u>

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	10,427 Rural Rental Assistance Payments	14,182 N/C S/R Section 8 Programs	10,415 Rural Rental Housing Loans	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$148,928	\$3,480		\$155,577	\$58,304	\$361,680		\$727,969		\$727,969
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted		\$40,869						\$40,869		\$40,869
114 Cash - Tenant Security Deposits	\$7,713				\$28,600	\$11,149		\$47,462		\$47,462
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$156,641	\$44,349	\$0	\$155,577	\$86,904	\$372,829	\$0	\$816,300	\$0	\$816,300
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects										
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous										
126 Accounts Receivable - Tenants	\$3,806				\$37,392	\$12,242		\$53,440		\$53,440
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,524				-\$27,320	-\$8,616		-\$38,460		-\$38,460
126.2 Allowance for Doubtful Accounts - Other										
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery										
128.1 Allowance for Doubtful Accounts - Fraud										
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,282	\$0	\$0	\$0	\$10,072	\$3,626	\$0	\$14,980	\$0	\$14,980
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$295	\$15	\$176		\$176	\$220		\$882		\$882
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From				\$135,033				\$135,033	-\$135,033	\$0
145 Assets Held for Sale										
150 Total Current Assets	\$158,218	\$44,364	\$176	\$290,610	\$97,152	\$376,675	\$0	\$967,195	-\$135,033	\$832,162
161 Land	\$35,957				\$275,529	\$37,932		\$349,418		\$349,418
162 Buildings	\$1,365,564				\$3,801,806	\$1,335,997		\$6,503,367		\$6,503,367
163 Furniture, Equipment & Machinery - Dwellings	\$11,462				\$67,468	\$40,873		\$119,803		\$119,803
164 Furniture, Equipment & Machinery - Administration	\$46,490			\$15,000		\$99,909		\$161,399		\$161,399
165 Leasehold Improvements						\$84,894		\$84,894		\$84,894
166 Accumulated Depreciation	-\$909,980			-\$4,500	-\$1,659,340	-\$1,110,447		-\$3,684,267		-\$3,684,267
167 Construction in Progress										
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$549,493	\$0	\$0	\$10,500	\$2,485,463	\$489,158	\$0	\$3,534,614	\$0	\$3,534,614
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets										
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$549,493	\$0	\$0	\$10,500	\$2,485,463	\$489,158	\$0	\$3,534,614	\$0	\$3,534,614

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

200	Deferred Outflow of Resources	\$20,138	\$5,920	\$2,216	\$3,938	\$15,380	\$24,104		\$71,696		\$71,696
290	Total Assets and Deferred Outflow of Resources	\$727,849	\$50,284	\$2,392	\$305,048	\$2,597,995	\$889,937	\$0	\$4,573,505	-\$135,033	\$4,438,472
311	Bank Overdraft			\$23,515					\$23,515		\$23,515
312	Accounts Payable <= 90 Days		\$158		\$14,356				\$14,514		\$14,514
313	Accounts Payable >90 Days Past Due										
321	Accrued Wage/Payroll Taxes Payable				\$4,408				\$4,408		\$4,408
322	Accrued Compensated Absences - Current Portion	\$1,797	\$100	\$25	\$638	\$995	\$2,414		\$5,969		\$5,969
324	Accrued Contingency Liability										
325	Accrued Interest Payable										
331	Accounts Payable - HUD PHA Programs										
332	Account Payable - PHA Projects										
333	Accounts Payable - Other Government										
341	Tenant Security Deposits	\$7,713				\$28,600	\$11,149		\$47,462		\$47,462
342	Unearned Revenue										
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$63,159			\$63,159		\$63,159
344	Current Portion of Long-term Debt - Operating Borrowings										
345	Other Current Liabilities										
346	Accrued Liabilities - Other										
347	Inter Program - Due To		\$3,628			\$131,405			\$135,033	-\$135,033	\$0
348	Loan Liability - Current										
310	Total Current Liabilities	\$9,510	\$3,886	\$23,540	\$19,402	\$224,159	\$13,563	\$0	\$294,060	-\$135,033	\$159,027
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$768,270			\$768,270		\$768,270
352	Long-term Debt, Net of Current - Operating Borrowings										
353	Non-current Liabilities - Other										
354	Accrued Compensated Absences - Non Current										
355	Loan Liability - Non Current										
356	FASB 5 Liabilities										
357	Accrued Pension and OPEB Liabilities	\$124,546	\$36,613	\$13,708	\$24,353	\$95,114	\$149,073		\$443,407		\$443,407
350	Total Non-Current Liabilities	\$124,546	\$36,613	\$13,708	\$24,353	\$863,384	\$149,073	\$0	\$1,211,677	\$0	\$1,211,677
300	Total Liabilities	\$134,056	\$40,499	\$37,248	\$43,755	\$1,087,543	\$162,636	\$0	\$1,505,737	-\$135,033	\$1,370,704
400	Deferred Inflow of Resources	\$22,369	\$6,576	\$2,462	\$4,374	\$17,083	\$26,774		\$79,638		\$79,638
508.4	Net Investment in Capital Assets	\$549,493		\$0	\$10,500	\$1,654,034	\$489,158	\$0	\$2,703,185		\$2,703,185
511.4	Restricted Net Position	\$0	\$40,947	\$0		\$198,601		\$0	\$239,548		\$239,548
512.4	Unrestricted Net Position	\$21,931	-\$37,738	-\$37,318	\$246,419	-\$359,266	\$211,369	\$0	\$45,397		\$45,397
513	Total Equity - Net Assets / Position	\$571,424	\$3,209	-\$37,318	\$256,919	\$1,493,369	\$700,527	\$0	\$2,988,130	\$0	\$2,988,130
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$727,849	\$50,284	\$2,392	\$305,048	\$2,597,995	\$889,937	\$0	\$4,573,505	-\$135,033	\$4,438,472

Housing Authority of the City of Lamar (CO06)
Lamar, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	10,427 Rural Rental Assistance Payments	14,182 N/C S/R Section 8 Programs	10,415 Rural Rental Housing Loans	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$102,178				\$95,539	\$145,220		\$342,937		\$342,937
70400 Tenant Revenue - Other	\$13,840				\$8,188	\$26,280		\$48,308		\$48,308
70500 Total Tenant Revenue	\$116,018	\$0	\$0	\$0	\$103,727	\$171,500	\$0	\$391,245		\$391,245
70600 HUD PHA Operating Grants		\$489,148						\$489,148		\$489,148
70610 Capital Grants	\$51,018							\$51,018		\$51,018
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue										
70800 Other Government Grants			\$9,433		\$249,209	\$125,901		\$384,543		\$384,543
71100 Investment Income - Unrestricted	\$949			\$120	\$2,076	\$2,383		\$5,528		\$5,528
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery										
71500 Other Revenue				\$68,016	\$1,835	\$55,407		\$125,258		\$125,258
71600 Gain or Loss on Sale of Capital Assets	\$38,125				\$86,033			\$124,158		\$124,158
72000 Investment Income - Restricted		\$78						\$78		\$78
70000 Total Revenue	\$206,110	\$489,226	\$9,433	\$68,136	\$442,880	\$355,191	\$0	\$1,570,976		\$1,570,976
91100 Administrative Salaries	\$34,523	\$21,159	\$7,922	\$14,074	\$16,380	\$48,699		\$142,757		\$142,757
91200 Auditing Fees	\$1,778	\$2,370	\$1,185		\$2,370	\$4,148		\$11,851		\$11,851
91300 Management Fee		\$3,500	\$1,500		\$46,020			\$51,020		\$51,020
91310 Book-keeping Fee	\$637	\$650	\$425		\$850	\$1,487		\$4,249		\$4,249
91400 Advertising and Marketing	\$447	\$288		\$51	\$1,152	\$394		\$2,332		\$2,332
91500 Employee Benefit contributions - Administrative	\$48,467	\$6,088	\$1,014	\$6,541	\$31,100	\$50,080		\$143,290		\$143,290
91600 Office Expenses	\$4,456	\$5,025	\$1,970	\$235	\$6,078	\$8,156		\$25,920		\$25,920
91700 Legal Expense										
91800 Travel										
91810 Allocated Overhead										
91900 Other										
91000 Total Operating - Administrative	\$90,308	\$39,280	\$14,016	\$20,901	\$103,950	\$112,964	\$0	\$381,419		\$381,419
92000 Asset Management Fee										
92100 Tenant Services - Salaries										
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other										
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93100 Water	\$6,714			\$1,000	\$23,506	\$13,194		\$44,414		\$44,414
93200 Electricity	\$23,520			\$2,336	\$9,170	\$41,550		\$76,576		\$76,576

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

93300 Gas	\$4,824			\$620	\$4,474	\$10,643		\$20,561	\$20,561
93400 Fuel									
93500 Labor									
93600 Sewer	\$1,128			\$114	\$5,287	\$517		\$7,046	\$7,046
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense	\$9,312				\$140	\$15,508		\$24,960	\$24,960
93000 Total Utilities	\$45,498	\$0	\$0	\$4,070	\$42,577	\$81,412	\$0	\$173,557	\$173,557
94100 Ordinary Maintenance and Operations - Labor	\$37,455				\$38,590	\$37,455		\$113,500	\$113,500
94200 Ordinary Maintenance and Operations - Materials and Other	\$50,415	\$210		\$362	\$55,394	\$57,899		\$164,280	\$164,280
94300 Ordinary Maintenance and Operations Contracts	\$6,179			\$497	\$16,515	\$7,286		\$30,477	\$30,477
94500 Employee Benefit Contributions - Ordinary Maintenance									
94000 Total Maintenance	\$94,049	\$210	\$0	\$859	\$110,499	\$102,640	\$0	\$308,257	\$308,257
95100 Protective Services - Labor				\$497				\$497	\$497
95200 Protective Services - Other Contract Costs	\$1,641				\$823	\$1,708		\$4,172	\$4,172
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$1,641	\$0	\$0	\$497	\$823	\$1,708	\$0	\$4,669	\$4,669
96110 Property Insurance	\$5,196				\$9,708	\$8,068		\$22,972	\$22,972
96120 Liability Insurance		\$15,863	\$9,709					\$25,572	\$25,572
96130 Workmen's Compensation									
96140 All Other Insurance									
96100 Total Insurance Premiums	\$5,196	\$15,863	\$9,709	\$0	\$9,708	\$8,068	\$0	\$48,544	\$48,544
96200 Other General Expenses	\$4	\$7,082		\$8,021				\$15,107	\$15,107
96210 Compensated Absences	-\$233	-\$93	-\$83	\$100	-\$160	-\$451		-\$920	-\$920
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents					\$11,000			\$11,000	\$11,000
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	-\$229	\$6,989	-\$83	\$8,121	\$10,840	-\$451	\$0	\$25,187	\$25,187
96710 Interest of Mortgage (or Bonds) Payable					\$8,658			\$8,658	\$8,658
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$8,658	\$0	\$0	\$8,658	\$8,658
96900 Total Operating Expenses	\$236,463	\$62,342	\$23,642	\$34,448	\$287,055	\$306,341	\$0	\$950,291	\$950,291
97000 Excess of Operating Revenue over Operating Expenses	-\$30,353	\$426,884	-\$14,209	\$33,688	\$155,825	\$48,850	\$0	\$620,685	\$620,685
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized					\$500			\$500	\$500
97300 Housing Assistance Payments		\$425,442						\$425,442	\$425,442
97350 HAP Portability-In		\$4,415						\$4,415	\$4,415
97400 Depreciation Expense	\$26,820			\$3,000	\$104,723	\$41,885		\$176,428	\$176,428
97500 Fraud Losses									

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$263,283	\$492,199	\$23,642	\$37,448	\$392,278	\$348,226	\$0	\$1,557,076	\$1,557,076
10010 Operating Transfer In	\$11,435							\$11,435	\$11,435
10020 Operating transfer Out	-\$11,435							-\$11,435	-\$11,435
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$57,173	-\$2,973	-\$14,209	\$30,688	\$50,602	\$6,965	\$0	\$13,900	\$13,900
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$63,159	\$0	\$63,159	\$126,318	\$126,318
11030 Beginning Equity	\$638,464	\$9,083	-\$22,023	\$228,160	\$1,450,302	\$705,372	\$0	\$3,009,358	\$3,009,358
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$9,867	-\$2,901	-\$1,086	-\$1,929	-\$7,535	-\$11,810		-\$35,128	-\$35,128
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity		-\$37,738						-\$37,738	-\$37,738
11180 Housing Assistance Payments Equity		\$40,947						\$40,947	\$40,947
11190 Unit Months Available	360	1284			720	600		2964	2964
11210 Number of Unit Months Leased	359	1199			654	589		2801	2801
11270 Excess Cash	\$131,277							\$131,277	\$131,277
11610 Land Purchases	\$0							\$0	\$0
11620 Building Purchases	\$0							\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$1,767							\$1,767	\$1,767
11650 Leasehold Improvements Purchases	\$8,758							\$8,758	\$8,758
11660 Infrastructure Purchases	\$0							\$0	\$0
13510 CFFP Debt Service Payments	\$0							\$0	\$0
13901 Replacement Housing Factor Funds	\$0							\$0	\$0

SINGLE AUDIT SECTION

Green & Associates LLC

Certified Public Accountants & Business Consultants

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

To the Board of Commissioners

Lamar Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Lamar Housing Authority's basic financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Brighton, Colorado
March 21, 2019

Green & Associates LLC

Certified Public Accountants & Business Consultants

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

To the Board of Commissioners
Lamar Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Lamar Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lamar Housing Authority's major federal programs for the year ended December 31, 2018. Lamar Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

Brighton, Colorado
March 21, 2019

**Lamar Housing Authority
Schedule of Expenditures of Federal Awards
December 31, 2018**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development:		
Housing Choice Vouchers	14.871	\$ 490,969
Public Housing Capital Fund Program	14.872	51,018
Section 8 New Construction	14.195	125,901
Total US Department of Housing and Urban Development		<u>667,888</u>
U.S. Department of Agriculture		
Rural Development-Rental Assistance	10.427	249,209
Rural Development Loan	10.415	894,947
Total Federal Financial Awards		<u>\$ 1,144,156</u>

Notes to the Schedule of Expenditures of Federal Awards

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

Loan Guarantees

The Authority had three loans that were guaranteed by the U.S. Department of Agriculture. The ending balances of each of the loans at December 31, 2018 were \$156,386, \$620,775 and \$54,268.

Lamar Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2018

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material Weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weakness? Yes None reported

Noncompliance material to financial statements noted?

- Yes No

Federal Awards

Internal control over major programs:

- Material Weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weakness? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

Yes No

Identification of major programs:

Rural Rental Housing Loan Program 10.405

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

Audited qualified as low-risk audited? Yes No

Current Year Findings:

None

Prior Year Findings:

None