

**HOUSING AUTHORITY OF THE
CITY OF ALAMOSA, COLORADO**

FINANCIAL STATEMENTS

March 31, 2016



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HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alamosa
Alamosa, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Alamosa, Colorado as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the City of Alamosa, Colorado as of March 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principles

As described in Note 13 to the financial statements the Authority adopted Governmental Accounting Standards Board (GASB) Statement Number 68 Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to The Measurement Date. As a result, net position was decreased \$527,550 for the year ending March 31, 2015. Our opinion is not modified with the implementation of these GASB standards.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 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 Housing Authority of the City of Alamosa, Colorado's basic financial statements. The schedule of expenses by program and the U.S. Department of Housing and Urban Development Supplementary Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenses by program and the U.S. Department of Housing and Urban Development Supplementary Financial Data Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenses by program and the U.S. Department of Housing and Urban Development supplementary financial data schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Plutt Rogers & Company PC

December 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

Management's Discussion & Analysis Year Ended March 31, 2016

The following discussion and analysis of the financial statements of the Housing Authority of the City of Alamosa, Colorado, ("the Authority") provides an overview of the financial activities for the fiscal year ended March 31, 2016. Please consider the following information in addition to your review of the information in the basic financial statements.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Authority. This information contained herein this Management Discussion and Analysis (MD&A) should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has one program. The Low Rent Public Housing Program which consists of 199 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing and Urban Development based on a formula. Included in the Low Rent Program are the Capital Fund grants which are also a formula based program from HUD. The purpose is to provide funding for the modernization and improvement of the Low Rent Public Housing Program units. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Financial Highlights

The Authority's financial condition continues to remain consistent.

- Total Net Position was \$3,501,863 at March 31, 2016, an increase of \$205,014 or 6.22% from the restated \$3,296,849 reported at March 31, 2015.
- Public Housing Annual Contributions for 2016 were \$417,019 representing a decrease in the amount of \$148,130 from fiscal year 2015 funding of \$565,149.
- Capital Grants for 2016 were \$142,795 representing an increase in the amount of \$73,300 from fiscal year 2015 funding of \$69,495.
- Total Cash was \$2,048,356 in 2016 and \$1,875,699 at March 31, 2015, an increase of \$172,657.
- Total Capital Assets, Net decreased \$88,413 from \$2,097,223 at March 31, 2015 to \$2,008,810 at March 31, 2016. This was the result of the addition of Site Improvements of \$33,438, Building Improvements of \$131,403 and the recording of depreciation expense of \$253,254.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

Management's Discussion & Analysis Year Ended March 31, 2016

Overview of Financial Statements

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

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 assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets.
- Restricted Net Position consists of assets that are restricted by limitations placed on these assets by an external source or party.
- Unrestricted Net Position consists of net position that does not meet the definition of the above categories. Unrestricted net position is basically the amount of funds available for future year appropriations.

The ***statement of revenues, expenses and changes in net position*** 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 the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods.

The ***statement of cash flows*** reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash account balance for the year ended March 31, 2016.

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 keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. The Authority's fund is a proprietary fund type.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

**Management's Discussion & Analysis
Year Ended March 31, 2016**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

Housing Authority Financial Analysis

As earlier noted, changes in net position may serve as a useful indicator of changes in the financial position of an organization. On March 31, 2016 assets exceeded liabilities by \$3,501,863. This amount is broken down to \$2,008,810 that is invested in capital assets and \$1,493,053 is unrestricted for future operations. Capital Assets, Net represent the largest portion of assets at \$2,008,810. Cash represents the next largest portion of assets at \$2,048,356. The increase in cash is due to the increase in grant revenues.

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The 2015 information has been restated to reflect the prior period adjustment to reflect the net pension liability at March 31, 2015 of \$527,550. The table below lists the asset and liability comparisons for the year ended March 31, 2016 and 2015.

CONDENSED STATEMENT OF NET POSITION				
	2016		2015	
ASSETS				
Current and Other Assets	\$ 2,174,055	51.9%	\$ 1,893,376	47.4%
Capital Assets, Net	2,008,810	47.9%	2,097,223	52.6%
Total Assets	4,182,865	99.8%	3,990,599	100.0%
DEFERRED OUTFLOWS OF RESOURCES				
Pension Rrelated Deferred Outflows	8,438	0.2%	-	0.0%
LIABILITIES				
Current Liabilities	141,109	3.4%	156,554	3.9%
Noncurrent Liabilities	548,331	13.1%	537,196	13.5%
Total Liabilities	689,440	16.4%	693,750	17.4%
NET POSITION				
Net Invested in Capital Asset	2,008,810	47.9%	2,097,223	52.6%
Unrestricted	1,493,053	35.6%	1,727,176	43.3%
Total Net Position	\$ 3,501,863	83.6%	\$ 3,296,849	82.6%

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

**Management's Discussion & Analysis
Year Ended March 31, 2016**

The Authority's operating revenues including non-operating revenue and capital contributions exceeded expenses by \$205,014. This excess revenue is primarily due to an increase in rental revenue of \$49,891 and decreases in administrative expenses of \$47,215 and maintenance and operations of \$27,011. Total operating expenditures excluding depreciation were \$85,226 less than the prior year as the Authority continues a conservative approach in spending. Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue decreased by \$15,800 or 1.4%, during the current fiscal year. The decrease in revenue was primarily due to a combination of an increase in Tenant revenue of \$49,891 and a decrease in the HUD Subsidy of \$74,830. Interest income increased by \$703 due to an increase in the amount invested from the previous year. This change in net position, an increase of \$205,014 when added to the beginning net position results in ending net position in the amount of \$3,501,863.

CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	2016		2015	
OPERATING REVENUE				
Rental	\$ 540,467	47.6%	\$ 490,576	42.6%
Grants	559,814	49.3%	634,644	55.1%
Other	35,882	3.2%	26,743	2.3%
Total Operating Revenue	1,136,163	100.0%	1,151,963	100.0%
OPERATING EXPENSES	935,336	82.3%	1,037,077	90.0%
OPERATING INCOME (LOSS)	200,827	17.7%	114,886	10.0%
NONOPERATING REVENUE (EXPENSES)	4,187	0.4%	3,484	0.3%
Change in Net Position	205,014	18.0%	118,370	10.3%
NET POSITION, Beginning Restated	3,296,849	86.2%	3,178,479	0.0%
Net Position, Ending	\$ 3,501,863	91.6%	\$ 3,296,849	89.0%

Budgets are adopted for all funds as a management control device but are not presented in the financial statements as it is not legally required.

- Total ending Cash was \$2,048,356.
- Capital Assets decreased \$88,413 to \$2,008,810 at March 31, 2016.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

**Management's Discussion & Analysis
Year Ended March 31, 2016**

Capital Assets

During 2016 there was \$164,841 in additions to capital assets. Further information on the Authority's capital assets can be found in Notes 1 and 4 in the notes to financial statements.

CAPITAL ASSETS				
	Balance 3/31/15	Additions	Deletions	Balance 3/31/16
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 365,977	\$ -	\$ -	\$ 365,977
Construction in Process	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>365,977</u>	<u>-</u>	<u>-</u>	<u>365,977</u>
CAPITAL ASSETS, BEING DEPRECIATED				
Site Improvements	1,657,890	33,438	-	1,691,328
Buildings and Improvements	8,950,492	131,403	-	9,081,895
Office Furniture & Equipment	66,392	-	-	66,392
Maintenance Equipment	55,037	-	-	55,037
Community Space Equipment	15,263	-	-	15,263
Automotive Equipment	161,187	-	-	161,187
Total Capital Assets Being Depreciated	<u>10,906,261</u>	<u>164,841</u>	<u>-</u>	<u>11,071,102</u>
ACCUMULATED DEPRECIATION				
Site Improvements	1,324,768	61,902	-	1,386,670
Buildings and Improvements	7,614,648	168,935	-	7,783,583
Office Furniture & Equipment	62,457	2,276	-	64,733
Maintenance Equipment	30,430	5,991	-	36,421
Community Space Equipment	5,215	1,526	-	6,741
Automotive Equipment	137,497	12,624	-	150,121
Total Accumulated Depreciation	<u>9,175,015</u>	<u>253,254</u>	<u>-</u>	<u>9,428,269</u>
Total Capital Assets Being Depreciated, Net	<u>1,731,246</u>	<u>(88,413)</u>	<u>-</u>	<u>1,642,833</u>
Total Capital Assets, Net	<u>\$ 2,097,223</u>	<u>\$ (88,413)</u>	<u>\$ -</u>	<u>\$ 2,008,810</u>

Economic Factors and Next Year's Budget and Rates

The Board of Commissioners and management of the housing authority considered many factors when approving the fiscal year 2017 public housing budget. The users' charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the authority's rent roll records for the period specified by HUD. Operating expenses are expected

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

**Management's Discussion & Analysis
Year Ended March 31, 2016**

to increase by the economy's inflation rate. The Board of Commissioners and management of the housing authority continue to monitor the budget and expenses as needed.

Requests for Information

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

The Housing Authority of the City of Alamosa, Colorado
Anna David, Executive Director
213 Murphy Drive
Alamosa, CO 81101

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BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ALAMOSA

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

March 31, 2016

(With Comparative Actual Amounts at March 31, 2015)

	2016	2015
ASSETS		
Current Assets		
Cash	\$ 1,975,541	\$ 1,799,599
Accounts Receivable:		
Tenants - Dwelling Rents	3,967	3,233
Allowance for Doubtful Accounts - Dwelling Rents	(2,500)	(2,846)
Other	10	101
Prepaid Assets	15,573	17,189
Due from Other Governments - HUD	108,649	-
Total Current Assets	2,101,240	1,817,276
Noncurrent Assets		
Cash Restricted - Tenant Deposits	72,815	76,100
Capital Assets Not Being Depreciated		
Land	365,977	365,977
Capital Assets, net of Depreciation	1,642,833	1,731,246
Total Noncurrent Assets	2,081,625	2,173,323
Total Assets	4,182,865	3,990,599
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	8,438	-
LIABILITIES		
Current Liabilities		
Accounts Payable	10,573	23,145
Accrued Wage/Payroll Taxes Payable	7,575	10,407
Accrued Compensated Absences - Current	6,762	7,782
Tenant Security Deposits	72,815	76,100
Due to Other Governments - P.I.L.O.T.	43,117	38,795
Deferred Revenue	267	325
Total Current Liabilities	141,109	156,554
Noncurrent Liabilities		
Compensated Absences Due Beyond One Year	12,354	9,646
Net Pension Liability	535,977	-
Total Noncurrent Liabilities	548,331	9,646
Total Liabilities	689,440	166,200
NET POSITION		
Net Investment in Capital Assets	2,008,810	2,097,223
Unrestricted	1,493,053	1,727,176
Total Net Position	\$ 3,501,863	\$ 3,824,399

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 For the Year Ended March 31, 2016
 (With Comparative Actual Amounts for the Year Ended March 31, 2015)**

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Dwelling Rents	\$ 540,467	\$ 490,576
Other Tenant Revenue	8,252	5,073
Management Fees	24,717	21,292
Other Revenue	<u>2,913</u>	<u>378</u>
Tenant Revenue	<u>576,349</u>	<u>517,319</u>
OPERATING EXPENSES		
Administrative	158,008	205,223
Utilities	109,293	114,143
Maintenance & Operations	304,731	331,742
Other General Expense	64,022	59,305
Insurance Premiums	45,562	48,025
Extraordinary Maintenance	-	3,375
Casualty Losses	466	5,495
Depreciation Expense	<u>253,254</u>	<u>269,769</u>
Total Operating Expenses	<u>935,336</u>	<u>1,037,077</u>
OPERATING INCOME (LOSS)	<u>(358,987)</u>	<u>(519,758)</u>
NONOPERATING REVENUE (EXPENSE)		
HUD Contribution and Grant	417,019	565,149
HUD Capital Grants	142,795	69,495
Investment Income - Unrestricted	<u>4,187</u>	<u>3,484</u>
Total Nonoperating Revenue (Expense)	<u>564,001</u>	<u>638,128</u>
CHANGE IN NET POSITION	<u>205,014</u>	<u>118,370</u>
NET POSITION, Beginning	3,824,399	3,706,029
Prior Period Adjustment	<u>(527,550)</u>	<u>-</u>
NET POSITION, Beginning as Restated	<u>3,296,849</u>	<u>3,706,029</u>
NET POSITION, Ending	<u><u>\$ 3,501,863</u></u>	<u><u>\$ 3,824,399</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended March 31, 2016

(With Comparative Actual Amounts for the Year Ended March 31, 2015)

	2016	2015
Cash Flows from Operating Activities		
Receipts from Tenants	\$ 544,387	\$ 500,613
Receipts for Services	2,913	21,670
Payments to Employees	(273,963)	(313,305)
Payments to Suppliers	(391,180)	(455,471)
	<u>(117,843)</u>	<u>(246,493)</u>
Net Cash (Used) by Operating Activities		
Cash Flows from Noncapital Financing Activities		
Federal Subsidies	308,370	676,001
Pension Related Deferred Outflows	(8,438)	-
Net Pension Obligations	8,427	-
	<u>308,359</u>	<u>676,001</u>
Net Cash Provided by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
HUD Capital Grants	142,795	69,495
Acquisition of Capital Assets	(164,841)	(70,695)
	<u>(22,046)</u>	<u>(1,200)</u>
Net Cash Provided by Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Earnings on Investments	4,187	3,484
	<u>4,187</u>	<u>3,484</u>
Net Cash Provided (Used) by Investing Activities		
Net Change in Cash	172,657	431,792
CASH, Beginning	<u>1,875,699</u>	<u>1,443,907</u>
CASH, Ending	<u>\$ 2,048,356</u>	<u>\$ 1,875,699</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating Income (Loss)	\$ (358,987)	\$ (519,758)
Depreciation	253,254	269,769
Changes in operating assets and liabilities:		
Accounts Receivable	(989)	8,197
Prepaid Expenses	1,616	(655)
Accounts Payable	(12,572)	2,443
Accrued Salaries and Benefits	(2,832)	2,144
Accrued Compensated Absences	1,688	(7,056)
Tenant Security Deposits	(3,285)	775
Due to Other Governments	4,322	1,656
Deferred Revenue	(58)	(4,008)
	<u>(58)</u>	<u>(4,008)</u>
Net Cash (Used) by Operating Activities	<u>\$ (117,843)</u>	<u>\$ (246,493)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of City of Alamosa, Colorado (the "Authority") was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Public Housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

This summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Authority's accounting policies are described below.

Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Authority has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Authority has no component units.

Nature of operations

The Authority provides 199 units of qualified individual and family housing. The development of the units was funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through capital grants for capital improvements.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the Authority are organized on the basis of a proprietary fund types, specifically enterprise funds. The activities of these funds are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities that (a) are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (b) are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (c) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net position (assets less liabilities) are segregated into invested in capital assets, net of related debt, restricted for debt service and unrestricted components. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Housing Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

A Statement of Net Position provides information about the assets, liabilities, and net position of the Authority at the end of the year. Assets and liabilities are classified as current, noncurrent, or other assets. Net position is classified according to availability of assets to satisfy the Authority's obligations. Net invested in capital assets represents that value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Restricted net position represents resources that have been externally restricted for specific purposes. Unrestricted net position, include all other net position, including those that have been designated by management to be used for other than general operating purposes.

A Statement of Revenues, Expenses and Changes in Net Position provide information about the Authority's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions.

Operating revenues and expenses generally result from providing services in connection with providing low income housing. Accordingly, revenue such as dwelling rent, operating grants and subsidies from HUD, and other tenant charges are considered to be operating revenues. Other revenues, such as interest income and capital contributions provided for building improvement projects or equipment

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

purchases, are considered to be nonoperating revenues. Operating expenses include: administrative, maintenance, utilities, tenant services, depreciation on capital assets, and other general expenses.

A Statement of Cash Flow provides information about the Authority's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating activities, non-capital financing, and capital financing or investing.

Assets, Liabilities and Net Position

Cash and cash equivalents - For the purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Investments that are available upon demand are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered "cash equivalents".

Receivables - All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible account and revenues net of uncollectible. Allowances are reported when account are proven to be uncollectible. No allowance at year end has been provided.

Prepaid assets - Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Capital assets - All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. The Authority does not capitalize interest costs related to its constructed fixed assets.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Useful Lives
Buildings and Improvements	10 – 40 years
Furniture and Fixtures	5 – 10 years
Equipment	3 – 10 years

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NOTES TO FINANCIAL STATEMENTS
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Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated absences - The Authority's personnel policies permit employees to carryover and receive vacation or sick leave benefits upon request. Permanent employees will be paid for one-third of their unused sick leave upon leaving the Authority, if the employee leaves in good standing. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place. This liability has been recorded in the financial statements pursuant to GASB Statement No. 16, "Accounting for Compensated Absences."

Net position - Net position represent the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors (such as through debt covenants), grantors or laws or regulations of other governments. Unrestricted Net Position - All other assets net assets that do not meet the definition, of "restricted" or "invested in capital assets, net of related debt".

Use of restricted/Unrestricted assets - When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the Authority's policy is to apply restricted assets first.

Grant revenue - The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Operating revenues and expenses - Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

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

Income Taxes

The Authority is a governmental subdivision of the State of Colorado and is exempt from Federal and State income taxes.

Budgetary Information

Budgets are adopted for all funds as a management control device, but are not legally required. Therefore, budgetary information is not presented in the financial statements.

Comparative Information

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Certain prior year amounts have been reclassified to conform to the current year presentation.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Incomes associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

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

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Association of Colorado ("PERA'). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Pronouncement

Governmental Accounting Standards Board (GASB) Statement Number 68 Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to The Measurement Date, is being implemented for the year ended June 30, 2015. Statement No. 68 requires the Authority to recognize a liability equal to its proportionate share, as defined in Statement No. 68, of FPPA's unfunded pension liability. This required the Authority to restate its beginning net position (see Note 12).

NOTE 2: CASH AND INVESTMENTS

A summary of the Authority's cash at March 31, 2016 follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured Deposits	\$ 453,438	\$ 453,438
PDPA Insured Deposits	1,619,143	1,594,918
Total Cash	<u>\$ 2,072,581</u>	<u>\$ 2,048,356</u>
Unrestricted Cash		\$ 1,975,541
Restricted - Tenant Deposits		<u>72,815</u>
Total Cash		<u>\$ 2,048,356</u>

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in

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eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by 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 aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks 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. At March 31, 2016, the Authority's deposits amounting to \$2,072,581 were insured by federal depository insurance or collateralized with securities held by the pledging institution's trust department or agent in the Authority's name and consequently were not exposed to custodial credit risk.

Investments

The Authority's formal investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At March 31, 2016, the Authority did not have any investments.

NOTE 3: DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Assets at March 31, 2016 are from HUD – Capital Grant Program \$108,649.

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**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance 3/31/15	Additions	Retirements	Balance 3/31/16
Non-Depreciable Assets				
Land and Improvements	\$ 365,977	\$ -	\$ -	\$ 365,977
Total Non-Depreciable Assets	365,977	-	-	365,977
Depreciable Assets				
Site Improvements	1,657,890	33,438	-	1,691,328
Buildings and Improvements	8,950,492	131,403	-	9,081,895
Office Furniture & Equipment	66,392	-	-	66,392
Maintenance Equipment	55,037	-	-	55,037
Community Space Equipment	15,263	-	-	15,263
Automotive Equipment	161,187	-	-	161,187
Total Depreciable Assets	10,906,261	164,841	-	11,071,102
Total Capital Assets	11,272,238	164,841	-	11,437,079
Accumulated Depreciation				
Site Improvements	1,324,768	61,902	-	1,386,670
Buildings and Improvements	7,614,648	168,935	-	7,783,583
Office Furniture & Equipment	62,457	2,276	-	64,733
Maintenance Equipment	30,430	5,991	-	36,421
Community Space Equipment	5,215	1,526	-	6,741
Automotive Equipment	137,497	12,624	-	150,121
Total Accumulated Depreciation	9,175,015	253,254	-	9,428,269
Total Depreciable Assets, Net	1,731,246	(88,413)	-	1,642,833
Total Capital Assets	\$ 2,097,223	\$ (88,413)	\$ -	\$ 2,008,810

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MARCH 31, 2016

NOTE 5: ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Assets at March 31, 2016 is as follows:

Vendors and contractors	<u>\$ 10,573</u>
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NOTE 6: DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Assets at March 31, 2016 is as follows:

Payments in lieu of taxes	<u>\$ 43,117</u>
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NOTE 7: ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of March 31, 2016 is as follows:

	<u>Balance 3/31/15</u>	<u>Net Decrease</u>	<u>Balance 3/31/16</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 17,428</u>	<u>\$ 1,688</u>	<u>\$ 19,116</u>	<u>\$ 6,762</u>

NOTE 8: DEFINED BENEFIT PENSION PLAN

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.copcra.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

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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.

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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive postretirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent

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MARCH 31, 2016

or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

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

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

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

	<u>Rate</u>
Employers Contribution Rate	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as Specified in C.R.S.	<u>-1.02%</u>
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S.	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S.	<u>1.50%</u>
Total Employer Contribution	<u><u>12.68%</u></u>

Employer contributions are recognized by the LGDTF in the period in which the compensation become 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 \$32,946 for the year ended March 31, 2016.

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

At March 31, 2016, the Authority reported a liability of \$535,977 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension

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**NOTES TO FINANCIAL STATEMENTS
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liability to March 31, 2016. The Authority’s proportion of the net pension liability was based on the Authorities contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Authority’s proportion was 0.0486552685 percent, which was a decrease of \$5,857 from its proportion measured as of December 31, 2014.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,021	\$ 18
Changes in assumptions	-	9,817
Net difference between projected and actual earnings on pension plan investments	103,179	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(66,732)	(64,676)
Contributions subsequent to the measurement date	<u>7,233</u>	<u>-</u>
Total	<u>\$ 47,701</u>	<u>\$ (54,841)</u>

\$8,438 is reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended:</u>		
March 31, 2016	\$	14,442
March 31, 2017	\$	14,442
March 31, 2018	\$	7,097
March 31, 2019	\$	10,040
March 31, 2020	\$	-
Thereafter	\$	-

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

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 Percent

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

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

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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**NOTES TO FINANCIAL STATEMENTS
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The LGDTF’s long-term expected rate of return on pension plan investments was determined using a lognormal 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 November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate 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 3.90%.

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NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

- 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, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination 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 actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authorities 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

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

discount rate of 7.50 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 (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease	Current	1% Increase
	6.50%	Discount	8.50%
	Rate 7.50%	Rate 7.50%	Rate 7.50%
Proportionate share of the net pension liability	\$ 821,708	\$ 535,977	\$ 298,992

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

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending March 31, 2016 and 2015, the Authority contributions to the HCTF were \$2,650 and \$3,199, respectively, equal to their required contributions for each year.

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 9: RISK MANAGEMENT

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk. Settled claims have not exceeded this coverage in any of the past three years.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Federal funding

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. Management believes the Authority is exempt from the provisions of the Amendment.

NOTE 11: ECONOMIC DEPENDENCY

The Housing Authority is economically dependent on annual contributions and grants received from HUD. The extent of this funding from HUD depends upon appropriations from the federal level.

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**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 12: NEW PRONOUNCEMENT

Recently Adopted Governmental Accounting Standards Board Pronouncements

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment to GASB Statement No. 27, effective for periods beginning after June 15, 2014. This Statement revises existing standards for employer financial statements relating to measuring and reporting pension liabilities for pension plans provided by the Authority to its employees. The financial statements report the liability of the net pension liability, which is measured as the total pension liability, less the amount of the pension fiduciary net position. Changes in pension liability are included in pension expense in the period of the change. The adoption of this statement by the primary government decreased the Authority's beginning net position by \$527,550.

In November 2013, GASB has issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for periods beginning after June 15, 2014 and was applied simultaneously with the provisions of Statement 68. The statement is to address an issue relating to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability regarding application of the transition provisions of Statement 68.

Pending Adopted Governmental Accounting Standards Board Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement establishes accounting and financial reporting standards for Other Post-Employment Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. Similar to reporting for the cost-sharing defined benefit plan, the Authority will be required to record an asset or liability for its Authority's proportionate share of the OPEB asset or liability. The Statement is effective for fiscal periods beginning after June 15, 2017. The effect of implementation of this statement has not yet been determined.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for periods beginning after June 15, 2015. The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The adoption of this statement will have no effect of the financial reporting information of the Authority.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA, COLORADO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

NOTE 13: FINANCIAL STATEMENT RESTATEMENT

The Housing Authority is economically

For the year ended March 31, 2016, the Authority has implemented the provisions of GASB No. 68 Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to The Measurement Date to reflect the recording of net pension assets and liabilities, deferred inflows and deferred outflows, and pension expense as required under the new GASBs. The net change is as follows:

	<u>Net Asset Restatement</u>
Net Position - as originally March 31, 2015	\$ 3,824,399
Net adjustment for implementation of new GASB:	
Noncurrent Liabilities - Net Pension Obligation	<u>(527,550)</u>
Net Position - restated March 31, 2015	<u>\$ 3,296,849</u>

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Required Supplementary Information

Required supplementary information includes schedules required by the Governmental Accounting Standards Board and is part of the basic financial statements, and are presented for purposes of additional analysis.

Such schedules include:

- Schedule of Pension Contributions and Related Ratios
- Schedule of Proportionate Share of the Net Pension Liability

HOUSING AUTHORITY OF THE CITY OF WRAY

SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LOCAL GOVERNMENT DIVISION TRUST FUND
LAST 10 FISCAL YEARS *

<u>Reporting Period Ending December 31,</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 32,946	\$ 39,966
Contributions in Relation to the Contractual Required Contribution	32,946	39,966
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 259,826	\$ 315,188
Contributions as a Percentage of Covered Employee Payroll	12.68%	12.68%

NOTE: Information for the prior eight years was not available to report.

HOUSING AUTHORITY OF THE CITY OF WRAY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LOCAL GOVERNMENT DIVISION TRUST FUND
LAST 10 FISCAL YEARS ***

<u>Measurement Period Ending December 31,</u>	<u>2015</u>	<u>2014</u>
District Proportion of the Net Pension Liability (Asset)	0.0486552685%	0.0588580659%
District Proportionate Share of the Net Pension Liability (Asset)	\$ 535,977	\$ 527,550
District Covered Employee Payroll	\$ 276,324	\$ 322,516
Proportion Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	193.97%	163.57%
Calculation of Collective Net Pension Liability:		
Total Pension Liability (Asset)	\$ 4,762,090,000	\$ 4,647,777,000
Plan Fiduciary Net Position	<u>3,660,509,000</u>	<u>3,751,468,000</u>
Net Pension Liability (Asset)	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.87%	80.72%

* The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior eight years was not available to report.

Supplementary Information

Supplementary information includes schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Schedule of Expenses

- U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule – This fiscal-year report is required by the U.S. Department of Housing and Urban Development and is used to gather financial information from the Public Housing Authority.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA

**SCHEDULE OF EXPENSES
PROPRIETARY FUND**

For the Year Ended March 31, 2016

(With Comparative Actual Amounts for the Year Ended March 31, 2015)

	<u>2016</u>	<u>2015</u>
OPERATING EXPENSES		
Administrative		
Administrative Salaries	\$ 77,162	\$ 113,475
Auditing Fees	6,500	6,000
Book-keeping Fee	8,071	7,701
Advertising and Marketing	-	586
Employee Benefit contributions - Administrative	22,987	32,643
Office Expenses	20,482	15,267
Legal Expense	5,000	-
Travel	740	3,374
Other	17,066	26,177
Total Administrative	<u>158,008</u>	<u>205,223</u>
Utilities		
Water	47,335	45,261
Electricity	18,296	19,548
Gas	17,901	23,195
Sewer	25,761	26,139
Total Utilities	<u>109,293</u>	<u>114,143</u>
Maintenance & Operations		
Ordinary Maintenance and Operations - Labor	176,541	180,861
Ordinary Maintenance and Operations - Materials	31,313	44,258
Ordinary Maintenance and Operations - Contracts	54,963	49,301
Employee Benefit Contributions - Maintenance	41,914	57,322
Total Maintenance & Operations	<u>304,731</u>	<u>331,742</u>
Insurance Premiums		
Property Insurance	27,905	30,991
Liability Insurance	4,988	4,320
Workmen's Compensation	5,970	6,122
All Other Insurance	6,699	6,592
Total Insurance Premiums	<u>45,562</u>	<u>48,025</u>
Other General Expense		
Compensated Absences	19,116	14,057
Payments in Lieu of Taxes	43,117	38,795
Bad debt - Tenant Rents	1,789	6,453
Total Other General Expenses	<u>64,022</u>	<u>59,305</u>
Total Operating Expenses	<u>681,616</u>	<u>758,438</u>
Other Operating Expenses		
Extraordinary Maintenance	-	3,375
Casualty Losses - Non-capitalized	466	5,495
Depreciation Expense	253,254	269,769
Total Other Operating Expenses	<u>253,720</u>	<u>278,639</u>
Total Expenses	<u>\$ 935,336</u>	<u>\$ 1,037,077</u>

See the accompanying Independent Auditors' Report.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SUPPLEMENTARY
FINANCIAL DATA SCHEDULE
March 31, 2016**

Line Item No.	Description	Public Housing	Business Activities	Total
111	Cash - Unrestricted	\$ 1,975,541	\$ -	\$ 1,975,541
114	Cash - Tenant Security Deposits	72,815	-	72,815
100	Total Cash	2,048,356	-	2,048,356
122	Accounts Receivable - HUD Other Projects	108,649	-	108,649
126	Accounts Receivable - Tenants	3,967	-	3,967
126.1	Allowance for Doubtful Accounts -Tenants	(2,500)	-	(2,500)
129	Accrued Interest Receivable	10	-	10
120	Total Receivables, Net of Allowances for Doubtful Accounts	110,126	-	110,126
142	Prepaid Expenses and Other Assets	15,573	-	15,573
150	Total Current Assets	2,174,055	-	2,174,055
161	Land	365,977	-	365,977
162	Buildings	10,773,223	-	10,773,223
163	Furniture, Equipment & Machinery - Dwellings	15,263	-	15,263
164	Furniture, Equipment & Machinery - Administration	282,616	-	282,616
166	Accumulated Depreciation	(9,428,269)	-	(9,428,269)
160	Total Capital Assets, Net of Accumulated Depreciation	2,008,810	-	2,008,810
200	Deferred Outflows of Resources	8,438	-	8,438
290	Total Assets	\$ 4,191,303	\$ -	\$ 4,191,303
312	Accounts Payable <= 90 Days	\$ 10,573	\$ -	10,573
321	Accrued Wage/Payroll Taxes Payable	7,575	-	7,575
322	Accrued Compensated Absences - Current Portion	6,762	-	6,762
333	Accounts Payable - Other Government	43,117	-	43,117
341	Tenant Security Deposits	72,815	-	72,815
342	Deferred Revenues	267	-	267
310	Total Current Liabilities	141,109	-	141,109
354	Accrued Compensated Absences - Non Current	12,354	-	12,354
357	Accrued Pension and OPEB Liabilities	535,977	-	535,977
350	Total Non-Current Liabilities	548,331	-	548,331
300	Total Liabilities	689,440	-	689,440
508.1	Invested In Capital Assets, Net of Related Debt	2,008,810	-	2,008,810
512.1	Unrestricted Net Assets	1,493,053	-	1,493,053
513	Total Equity/Net Assets	3,501,863	-	3,501,863
600	Total Liabilities and Equity/Net Assets	\$ 4,191,303	\$ -	\$ 4,191,303

(CONTINUED)

See the accompanying Independent Auditors' Report.

HOUSING AUTHORITY OF THE CITY OF ALAMOSA

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SUPPLEMENTARY
FINANCIAL DATA SCHEDULE
For the Year Ended March 31, 2016**

Line Item No.	Description	Public Housing	Business Activities	Total
70300	Net Tenant Rental Revenue	\$ 540,467	\$ -	\$ 540,467
70400	Tenant Revenue - Other	8,252	-	8,252
70500	Total Tenant Revenue	548,719	-	548,719
70600	HUD PHA Operating Grants	417,019	-	417,019
70610	Capital Grants	142,795	-	142,795
70710	Management Fee	24,717	-	24,717
70700	Total Fee Revenue	24,717	-	24,717
71100	Investment Income - Unrestricted	4,187	-	4,187
71500	Other Revenue	2,913	-	2,913
70000	Total Revenue	1,140,350	-	1,140,350
91100	Administrative Salaries	77,162	-	77,162
91200	Auditing Fees	6,500	-	6,500
91310	Book-keeping Fee	8,071	-	8,071
91500	Employee Benefit contributions - Administrative	22,987	-	22,987
91600	Office Expenses	20,482	-	20,482
91700	Legal Expense	5,000	-	5,000
91800	Travel	740	-	740
91900	Other	17,066	-	17,066
91000	Total Operating - Administrative	158,008	-	158,008
93100	Water	47,335	-	47,335
93200	Electricity	18,296	-	18,296
93300	Gas	17,901	-	17,901
93600	Sewer	25,761	-	25,761
93000	Total Utilities	109,293	-	109,293
94100	Ordinary Maintenance and Operations - Labor	176,541	-	176,541
94200	Ordinary Maintenance and Operations - Materials and Other	31,313	-	31,313
94300	Ordinary Maintenance and Operations Contracts	54,963	-	54,963
94500	Employee Benefit Contributions - Ordinary Maintenance	41,914	-	41,914
94000	Total Maintenance	304,731	-	304,731
96110	Property Insurance	27,905	-	27,905
96120	Liability Insurance	4,988	-	4,988
96130	Workmen's Compensation	5,970	-	5,970
96140	All Other Insurance	6,699	-	6,699
96100	Total insurance Premiums	45,562	-	45,562
96210	Compensated Absences	19,116	-	19,116
96300	Payments in Lieu of Taxes	43,117	-	43,117
96400	Bad debt - Tenant Rents	1,789	-	1,789
96000	Total Other General Expenses	64,022	-	64,022
96900	Total Operating Expenses	681,616	-	681,616
97000	Excess of Operating Revenue over Operating Expenses	458,734	-	458,734
97200	Casualty Losses - Non-capitalized	466	-	466
97400	Depreciation Expense	253,254	-	253,254
90000	Total Expenses	935,336	-	935,336
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	\$ 205,014	\$ -	\$ 205,014
11030	Beginning Equity	3,824,399	-	3,824,399
11040	Prior Period Adjustments, Equity Transfers and Correction of	(527,550)	-	(527,550)
11190	Unit Months Available	2,388	-	2,388
11210	Number of Unit Months Leased	2,377	-	2,377
11270	Excess Cash	1,937,895	-	1,937,895
11620	Building Purchases	162,560	-	162,560

See the accompanying Independent Auditors Report

**Independent Auditors 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***

Board of Commissioners
Housing Authority of the City of Alamosa
Alamosa, Colorado

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 of the Housing Authority of the City of Alamosa, Colorado, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Alamosa, Colorado's basic financial statements, and have issued our report thereon dated December 31, 2016.

Internal Control over Financial Reporting

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

Plutt Rogers & Company PC

December 31, 2016

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