

**HOUSING AUTHORITY OF THE  
CITY OF WRAY, COLORADO  
FINANCIAL STATEMENTS  
March 31, 2016**



**RECEIVED**

*By Justin L. Smith at 11:46 am, Jan 05, 2017*



**HOUSING AUTHORITY OF THE TOWN OF WRAY, COLORADO**

**Table of Contents**

	<u>Page</u>
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements	
Statement of Net Position .....	9
Statement of Revenues, Expenses and Changes in Net Position .....	10
Statement of Cash Flows .....	11
Notes to the Financial Statements .....	12
Required Supplementary Information	
Schedule of Pension Contributions and Related Ratios .....	29
Schedule of Proportionate Share of the Net Pension Liability .....	30
Supplementary Information	
Schedule of Expenses by Program .....	31
U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule .....	32
Other Information	
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 .....	34

**INDEPENDENT AUDITORS' REPORT**

**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Housing Authority of the City of Wray  
Wray, 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 Wray, 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 Wray, 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 12 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 \$182,540 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 Wray, 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 30, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## HOUSING AUTHORITY OF THE CITY OF WRAY, 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 Wray, 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 two individual programs. They include the Low Rent Public Housing Program and the Section 8 New Construction.

- The Low Rent Program consists of 41 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing & 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.
- Section 8 New Construction: This program accounts for the operation, maintenance, and development of 20 housing units, which are owned by the Authority. The program receives rental assistance from the U.S. Department of Housing and Urban Development.

#### Financial Highlights

The Authority's financial condition continues to decline as grant funding continues to decrease.

- Total Net Position was \$1,178,736 at March 31, 2016, a decrease of \$105,018 or 8.2% from the restated balance of \$1,283,754 reported at March 31, 2015.
- Public Housing Annual Contributions for 2016 were \$93,600 representing a decrease in the amount of \$68,164 from fiscal year 2015 funding of \$161,764.
- Section 8 Annual Contributions for 2016 were \$84,830 representing an increase in the amount of \$413 from fiscal year 2015 funding of \$84,417.
- Total Cash and Cash Equivalents were \$362,530 in 2016 and \$425,531 at March 31, 2015 a decrease of \$63,001.
- Total Capital Assets, Net decreased \$16,886 from \$1,057,465 in 2015 to \$1,040,579 at March 31, 2016. This was the result of the addition of Site Improvements of \$72,703, Building Improvements of \$11,223, and Equipment of \$15,015 and the recording of Depreciation Expense of \$112,193.

## HOUSING AUTHORITY OF THE CITY OF WRAY, 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 position 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 assets that do 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 equivalent 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.

#### 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 OF THE CITY OF WRAY, COLORADO

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

#### 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 \$1,175,295. This amount is broken down to \$1,038,546 that is invested in capital assets and \$140,190 that is unrestricted. Capital Assets, Net represent the largest portion of assets at \$1,038,546. Cash represent the next largest portion of assets at \$362,530. The decrease in cash is due to the decrease of Grants in 2016.

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 \$182,540. 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	\$ 384,182	26.9%	\$ 447,943	29.8%
Capital Assets	1,038,546	72.8%	1,057,465	70.2%
Total Assets	1,422,728	99.8%	1,505,408	100.0%
DEFERRED OUTFLOW OF RESOURCES				
Pension Related Deferred Outflows	3,441	0.2%	-	0.0%
LIABILITIES				
Current Liabilities	38,253	2.7%	39,114	2.6%
Noncurrent Liabilities	209,180	14.7%	182,540	12.1%
Total Liabilities	247,433	17.3%	221,654	14.7%
NET POSITION		0.0%		
Net Investment in Capital Asset	1,038,546	72.8%	1,057,465	70.2%
Unrestricted	140,190	9.8%	226,289	15.0%
Total Net Position	\$ 1,175,295	82.4%	\$ 1,283,754	85.3%

## HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

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

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

<b>CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION</b>				
	<b>2016</b>		<b>2015</b>	
<b>OPERATING REVENUE</b>				
Rental	\$ 189,700	49.9%	\$ 185,126	41.8%
Grants	166,988	43.9%	172,840	39.0%
Other	7,504	2.0%	6,060	1.4%
<b>GENERAL REVENUE</b>				
Interest	4,519	1.2%	5,333	1.2%
Other	11,442	3.0%	73,341	16.6%
<b>Total Revenue</b>	<b>380,153</b>	<b>100.0%</b>	<b>442,700</b>	<b>100.0%</b>
<b>EXPENSES</b>				
Operating	485,913	127.8%	445,280	100.6%
Change in Net Position	(105,760)	-8.2%	(2,580)	-0.2%
Net Position, Beginning Restated	1,283,754	100.0%	1,286,334	100.0%
<b>Net Position, Ending</b>	<b>\$ 1,177,994</b>	<b>91.8%</b>	<b>\$ 1,283,754</b>	<b>99.8%</b>

As noted in the table above, rental income decreased by \$4,574 with Public Housing having a \$3,687 increase and Lincoln Terrace had a \$887 increase. The number of monthly units leased in Public Housing increased to 482 out of an available 492 units, as increase of 8 units. Lincoln Terrace leased 237 monthly units out of 240 available, a decrease of 2 units.

HUD Program contributions consist of Public Housing operating subsidy, capital funds grant used for non-capital purposes and rental assistance. Public Housing operating subsidy revenue decreased \$6,265 in 2016 from 2015. Operating subsidy is based on a HUD formula that relies heavily on historic income and utility expenses and is subject to a pro-ration factor based on available funding.

Operating expenses increased by \$625 or 0.26%. Within that increase administrative expense decreased \$9,016 or 8.4%, tenant services decreased \$807 or 27.7%, utilities increased \$3,605 or 8.0% and maintenance increased \$592 or 0.3%, depreciation increased \$5,446 or 5.1%.

HUD capital contributions were \$84,830 for the year ended March 31, 2016. This was an increase from the prior year of \$84,417. The Authority is allocated capital grant money each year as determined by HUD based on the Authority's number of units. The amount presented will vary from year to year depending on the timing of projects as outlined in the HUD approved capital grant budget.

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

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

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

**Capital Assets**

During 2016 there was \$99,031 in additions and \$18,384 dispositions of capital assets. Further information on the Authority's capital assets can be found in Notes 1 and 5 in the notes to financial statements.

	<b>Balance 3/31/2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 3/31/2016</b>
<b>Non-Depreciable Assets</b>				
Land	\$ 135,129	\$ -	\$ -	\$ 135,129
<b>Depreciable Assets</b>				
Site Improvements	415,624	72,703	-	488,327
Buildings and Improvements	2,396,958	11,223	3,521	2,404,660
Equipment - Dwellings	73,199	-	637	72,562
Equipment - Administration	94,600	15,105	14,226	95,479
<b>Total Depreciable Assets</b>	<b>2,980,381</b>	<b>99,031</b>	<b>18,384</b>	<b>3,061,028</b>
<b>Total Capital Assets</b>	<b>3,115,510</b>	<b>99,031</b>	<b>18,384</b>	<b>3,196,157</b>
<b>Accumulated Depreciation</b>				
Site Improvements	212,653	21,803	-	234,456
Buildings and Improvements	1,720,809	80,411	3,522	1,797,698
Equipment - Dwellings	55,032	4,134	638	58,528
Equipment - Administration	69,551	5,845	10,500	64,896
<b>Total Accumulated Depreciation</b>	<b>2,058,045</b>	<b>112,193</b>	<b>14,660</b>	<b>2,155,578</b>
<b>Depreciable Assets Net</b>	<b>922,336</b>	<b>(13,162)</b>	<b>3,724</b>	<b>905,450</b>
<b>Net Capital Assets</b>	<b>\$ 1,057,465</b>	<b>\$ (13,162)</b>	<b>\$ 3,724</b>	<b>\$ 1,040,579</b>

**Debt Administration**

The Housing Authority has no debt.

**Economic Factors and Future Plans**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2017 budget. In the year to come the Authority plans on continuing to provide an opportunity for a healthy, affordable, decent and safe living environment for the community through its programs. The Public Housing Program will continue with scheduled preventive and regular maintenance to maintain the properties and fund planned rehabilitation projects with Capital funds that will be expended on the dwelling units. Dwelling rents were projected conservatively as the seasonal work in the area varies considerably. Rental charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and

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

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

utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

**Requests for Information**

The financial report is designed to provide a general overview of Housing Authority of the City of Wray, 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 Wray  
Cindy Hull, Executive Director  
P.O. Box 373  
Wray, Colorado 80758

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## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF WRAY**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

**March 31, 2016**

**(With Comparative Totals for March 31, 2015)**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 345,740	\$ 411,075
Accounts Receivable:		
Tenants - Dwelling Rents	744	2,293
Allowance for Doubtful Accounts - Dwelling Rents	(487)	(1,000)
Accrued Interest Receivable	1,479	2,375
Prepaid Assets	14,180	14,550
Due from Other Governments - HUD	5,736	4,194
	<u>367,392</u>	<u>433,487</u>
<b>Noncurrent Assets</b>		
Cash - Restricted	16,790	14,456
Capital Assets Not Being Depreciated:		
Land	135,129	135,129
Capital Assets, net of Depreciation	903,417	922,336
	<u>1,055,336</u>	<u>1,071,921</u>
<b>Total Noncurrent Assets</b>	<u>1,055,336</u>	<u>1,071,921</u>
<b>Total Assets</b>	<u>1,422,728</u>	<u>1,505,408</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Outflow of Resources Related to Pensions	3,441	-
	<u>3,441</u>	<u>-</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	16,235	12,838
Accrued Wage and Related Liabilities	3,706	5,568
Accrued Compensated Absences - Current	3,405	5,654
Tenant Security Deposits	14,661	14,456
Deferred Revenue	246	598
	<u>38,253</u>	<u>39,114</u>
<b>Total Current Liabilities</b>	<u>38,253</u>	<u>39,114</u>
<b>Noncurrent Liabilities</b>		
Net Pension Liability	209,180	182,540
	<u>209,180</u>	<u>182,540</u>
<b>Total Noncurrent Liabilities</b>	<u>209,180</u>	<u>182,540</u>
<b>Total Liabilities</b>	<u>247,433</u>	<u>221,654</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,038,546	1,057,465
Unrestricted Net Position	140,190	226,289
	<u>1,038,546</u>	<u>1,057,465</u>
<b>Total Net Position</b>	<u>\$ 1,178,736</u>	<u>\$ 1,283,754</u>

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

**HOUSING AUTHORITY OF THE CITY OF WRAY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND**

**For the Year Ended March 31, 2016**

**(With Comparative Totals for the Year Ended March 31, 2015)**

	<b>2016</b>	<b>2015</b>
<b>OPERATING REVENUES</b>		
Dwelling Rents	\$ 174,150	\$ 171,212
Other Tenant Revenue	15,550	13,914
Tenant Revenue	189,700	185,126
HUD Operating Contributions and Grants	166,988	172,840
Other Revenue	7,504	6,060
Total Revenue	364,192	364,026
<b>OPERATING EXPENSES</b>		
Administrative	132,748	98,154
Tenant Services	3,134	2,108
Utilities	48,192	48,675
Maintenance & Operations	165,678	160,373
Insurance Premiums	22,520	22,051
Casualty Losses	1,448	951
Depreciation Expense	112,193	112,968
Total Operating Expenses	485,913	445,280
<b>OPERATING INCOME (LOSS)</b>	<b>(121,721)</b>	<b>(81,254)</b>
<b>OTHER INCOME</b>		
HUD Capital Grants	11,442	73,341
Investment Income - Unrestricted	4,519	5,333
Gain on Sale of Assets	742	-
Total Other Income	16,703	78,674
<b>CHANGE IN NET POSITION</b>	<b>(105,018)</b>	<b>(2,580)</b>
NET POSITION, Beginning	1,283,754	1,468,874
Prior Period Adjustment - Net Pension Liability	-	(182,540)
NET POSITION, Beginning as Restated	1,283,754	1,286,334
NET POSITION, Ending	<b>\$ 1,178,736</b>	<b>\$ 1,283,754</b>

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

**HOUSING AUTHORITY OF THE CITY OF WRAY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the Year Ended March 31, 2016**

**(With Comparative Totals for the Year Ended March 31, 2015)**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Receipts from Tenants	\$ 190,736	\$ 185,369
Receipts from HUD	165,446	169,846
Receipts from Others	8,790	5,511
Tenant Security Deposits	205	735
Payments to Employees	(106,355)	(109,807)
Payments to Suppliers	(268,451)	(220,972)
	<u>(9,629)</u>	<u>30,682</u>
Cash Flows from Noncapital Financing Activities		
Federal Subsidies	-	-
Other Non-operating Revenues	-	-
Pension Related Deferred Outflow	(3,441)	-
Net Pension Obligations	26,640	-
Cash Flows from Capital and Related Financing Activities		
HUD Capital Grants	11,442	73,341
Acquisition of Capital Assets	(93,274)	(79,059)
Gain on Disposition of Capital Assets	742	-
	<u>(81,090)</u>	<u>(5,718)</u>
Cash Flows from Investing Activities		
Earnings on Investments	4,519	5,333
	<u>4,519</u>	<u>5,333</u>
Net Change in Cash	(63,001)	30,297
CASH, Beginning	425,531	395,234
CASH, Ending	<u>\$ 362,530</u>	<u>\$ 425,531</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating Income (Loss)	\$ (121,721)	\$ (81,254)
Depreciation	112,193	112,968
Changes in operating assets and liabilities:		
Accounts Receivable	1,036	243
Accrued Interest Receivable	896	(66)
Due from Other Governments	(1,542)	(2,994)
Prepaid Expenses	370	(5,730)
Accounts Payable	3,397	5,045
Accrued Salaries and Benefits	(1,862)	2,135
Accrued Compensated Absences	(2,249)	83
Tenant Security Deposits	205	735
Deferred Revenue	(352)	(483)
Net Cash (Used) by Operating Activities	<u>\$ (9,629)</u>	<u>\$ 30,682</u>

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

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. The Federal Government through the U.S. Department of Housing and Urban Development (HUD) subsidizes these programs. The Department of Housing and Urban Development has direct responsibility for the administering of low-income housing programs. The Housing Authority has entered into an annual contribution contract with the Department of Housing and Urban Development for the funding of these programs through annual contributions and subsidies.

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 following programs are administered by the Housing Authority:

Public Housing Program - This program consists of 40 public housing units. Under this program, HUD provides funding through an annual contribution contract. These funds, along with dwelling rental income received from the tenants, are used to maintain the dwelling units. Included within this program are the Capital Fund grants which provide funding for the modernization and improvement of the Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Section 8 New Construction - This program accounts for the operation, maintenance, and development of 20 housing units, which are owned by the Authority. The program receives rental assistance from the U.S. Department of Housing and Urban Development.

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE 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 position. Net position (assets less liabilities) are segregated into net invested in capital assets, 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 purchases, are considered to be nonoperating revenues. Operating expenses include: administrative, maintenance, utilities, tenant services, depreciation on capital assets, and other general expenses.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

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. An allowance of \$487 has been provided at year end.

**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 \$1,000 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:

	<u>Estimated Useful Lives</u>
Buildings	20 – 40 years
Buildings Improvements	10 – 40 years
Furniture and Fixtures	5 – 7 years
Equipment	3 – 10 years

**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.

## HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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.

Vacation - The Authority's policy allows employees to accumulate unused vacation leave for 90 days past their date of hire. Any vacation time not taken is lost by year end and no monetary compensation will be given. Employees who are terminated or resign will be paid for any earned vacation time.

Sick Leave - Full-time employees receive four days of personal leave per year; any unused portion at year end is treated as accumulated sick leave. Sick leave may accrue up to a maximum of 120 days. Upon termination of employment from the Authority, an employee does not receive compensation for any accrued but unused sick leave.

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 deferred revenue.

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

**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 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 prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board. This budget does not represent an appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board; therefore, budgetary data and presentation is 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

**Pensions**

The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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:

	<b>Bank Balance</b>	<b>Carrying Balance</b>
FDIC Insured Deposits	\$ 356,058	\$ 345,421
PDPA Insured Deposits	13,130	16,979
Change Fund Cash	-	30
Petty Cash	-	100
<b>Total Cash</b>	<b>\$ 369,188</b>	<b>\$ 362,530</b>
Unrestricted Cash		\$ 345,740
Restricted - Tenant Deposits		16,790
Total Cash		<b>\$ 362,530</b>

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

### 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 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 369,188 were insured by federal depository insurance 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2016**

**NOTE 3: ACCOUNTS RECEIVABLE**

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

Tenants	\$ 744
Allowance for Doubtful Accounts - Dwelling Rents	<u>(487)</u>
Total	<u>\$ 257</u>

**NOTE 4: DUE FROM OTHER GOVERNMENTS**

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

HUD – Capital Grant Program	<u>\$ 5,736</u>
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**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<u>Balance 3/31/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 3/31/2016</u>
<b>Non-Depreciable Assets</b>				
Land	\$ 135,129	\$ -	\$ -	\$ 135,129
<b>Depreciable Assets</b>				
Site Improvements	415,624	72,703	-	488,327
Buildings and Improvements	2,396,958	11,223	3,521	2,404,660
Equipment - Dwellings	73,199	-	637	72,562
Equipment - Administration	94,600	15,105	14,226	95,479
<b>Total Depreciable Assets</b>	<u>2,980,381</u>	<u>99,031</u>	<u>18,384</u>	<u>3,061,028</u>
<b>Total Capital Assets</b>	<u>3,115,510</u>	<u>99,031</u>	<u>18,384</u>	<u>3,196,157</u>
<b>Accumulated Depreciation</b>				
Site Improvements	212,653	21,803	-	234,456
Buildings and Improvements	1,720,809	80,411	3,522	1,797,698
Equipment - Dwellings	55,032	4,134	638	58,528
Equipment - Administration	69,551	5,845	10,500	64,896
<b>Total Accumulated Depreciation</b>	<u>2,058,045</u>	<u>112,193</u>	<u>14,660</u>	<u>2,155,578</u>
<b>Depreciable Assets Net</b>	<u>922,336</u>	<u>(13,162)</u>	<u>3,724</u>	<u>905,450</u>
<b>Net Capital Assets</b>	<u>\$ 1,057,465</u>	<u>\$ (13,162)</u>	<u>\$ 3,724</u>	<u>\$ 1,040,579</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 6: ACCRUED COMPENSATED ABSENCES**

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

	<u>Balance 3/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/2016</u>	<u>Due Within One Year</u>
<b>Compensated Absences</b>	\$ 5,654	\$ 3,405	\$ 5,654	\$ 3,405	\$ 3,405

**NOTE 7: 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](http://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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

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 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

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$13,250 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 \$209,180 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 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 0.0189890787 percent, which was a decrease of \$475 from its proportion measured as of December 31, 2014.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,569	\$ 7
Changes in assumptions	-	3,831
Net difference between projected and actual earnings on pension plan investments	40,269	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(9,004)	-
Contributions subsequent to the measurement date	3,067	-
Total	\$ 35,901	\$ 3,838

\$3,441 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:

Year Ended:		
March 31, 2016	\$	7,630
March 31, 2017	\$	7,630
March 31, 2018	\$	7,757
March 31, 2019	\$	8,053
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
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# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 Percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
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.

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

## HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
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%.
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

- 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 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:

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Proportionate share of the net pension liability	\$ 320,694	\$ 209,180	\$ 116,690

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

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

### 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](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements 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 \$1,066 and \$1,142, respectively, equal to their required contributions for each year.

### **NOTE 8: 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 9: 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.

# HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

### 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 10: 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.

### **NOTE 11: 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 \$182,540.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

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.

**NOTE 12: 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:

	<b><u>Net Asset Restatement</u></b>
Net Position - as originally March 31, 2015	\$ 1,466,294
Net adjustment for implementation of new GASB:	
Noncurrent Liabilities - Net Pension Obligation	<u>(182,540)</u>
Net Position - restated December 31, 2014	<u><u>\$ 1,283,754</u></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 \***

<b>Reporting Period Ending December 31,</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 13,250	\$ 14,194
Contributions in Relation to the Contractual Required Contribution	13,250	14,194
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 104,493	\$ 111,942
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 \***

Measurement Period Ending December 31,	<b>2015</b>	<b>2014</b>
District Proportion of the Net Pension Liability (Asset)	0.0189890787%	0.0203656916%
District Proportionate Share of the Net Pension Liability (Asset)	\$ 209,180	\$ 182,540
District Covered Employee Payroll	\$ 107,843	\$ 111,595
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**

Other 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 by Program
- 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 WRAY**

**SCHEDULE OF EXPENSES BY PROGRAM  
PROPRIETARY FUND**

**For the Year Ended March 31, 2016**

**(With Comparative Totals for the Year Ended March 31, 2015)**

	<u>Public Housing</u>	<u>Section 8 Special Allocation</u>	<u>Total</u>	<u>2015</u>
<b>OPERATING EXPENSES</b>				
Administrative				
Administrative Salaries	\$ 29,438	\$ 13,767	\$ 43,205	\$ 42,180
Auditing Fees	2,000	1,000	3,000	2,600
Employee Benefit Contributions	39,027	6,517	45,544	18,923
Office Expenses	6,989	9,959	16,948	16,776
Legal Expense	12,704	-	12,704	3,928
Travel	656	328	984	1,297
Other	4,830	2,128	6,958	6,796
Total Administrative	<u>95,644</u>	<u>33,699</u>	<u>129,343</u>	<u>92,500</u>
Tenant Services				
Tenant Services - Other	1,461	1,673	3,134	2,108
Utilities				
Water	6,442	2,633	9,075	9,936
Electricity	11,963	8,915	20,878	19,833
Gas	5,235	4,232	9,467	9,763
Sewer	4,603	4,169	8,772	9,143
Total Utilities	<u>28,243</u>	<u>19,949</u>	<u>48,192</u>	<u>48,675</u>
Maintenance & Operations				
Labor	37,089	18,545	55,634	64,191
Materials	16,640	13,408	30,048	25,555
Contracts	32,655	21,505	54,160	42,107
Maintenance	16,945	8,891	25,836	28,520
Total Maintenance & Operations	<u>103,329</u>	<u>62,349</u>	<u>165,678</u>	<u>160,373</u>
Total Protective Services				
Insurance Premiums				
Property Insurance	11,749	5,280	17,029	16,692
Liability Insurance	1,389	655	2,044	1,794
Workmen's Compensation	1,200	642	1,842	2,136
All Other Insurance	1,070	535	1,605	1,429
Total Insurance Premiums	<u>15,408</u>	<u>7,112</u>	<u>22,520</u>	<u>22,051</u>
Other General Expense				
Compensated Absences	2,270	1,135	3,405	5,654
Bad debt - Tenant Rents	28	487	515	1,222
Total Other General Expenses	<u>2,298</u>	<u>1,622</u>	<u>3,920</u>	<u>6,876</u>
Total Operating Expenses	<u>246,383</u>	<u>126,404</u>	<u>372,787</u>	<u>332,583</u>
Non-Operating Expenses				
Casualty Losses - Non-capitalized	-	1,448	1,448	951
Depreciation Expense	75,740	36,453	112,193	112,968
Total Non-Operating Expenses	<u>75,740</u>	<u>37,901</u>	<u>113,641</u>	<u>113,919</u>
Total Expenses	<u>\$ 322,123</u>	<u>\$ 164,305</u>	<u>\$ 486,428</u>	<u>\$ 446,502</u>

See the accompanying Independent Auditors' Report.

HOUSING AUTHORITY OF THE CITY OF WRAY

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

Line Item No.	Description	Public Housing 14.850	Public Housing Capital Funds 14.872	Total Public Housing	Section 8 Special Allocation 14.195	Total
111	Cash - Unrestricted	250,319	\$ -	\$ 250,319	95,421	\$ 345,740
114	Cash - Tenant Security Deposits	9,596	-	9,596	7,194	16,790
100	Total Cash	259,915	-	259,915	102,615	362,530
122	Accounts Receivable - HUD Other Projects	5,736	-	5,736	-	5,736
126	Accounts Receivable - Tenants	257	-	257	487	744
126.1	Allowance for Doubtful Accounts -Tenants	-	-	-	(487)	(487)
129	Accrued Interest Receivable	1,479	-	1,479	-	1,479
120	Total Receivables, Net of Allowances for Doubtful Accounts	7,472	-	7,472	-	7,472
142	Prepaid Expenses and Other Assets	10,346	-	10,346	3,834	14,180
150	Total Current Assets	277,733	-	277,733	106,449	384,182
161	Land	51,500	-	51,500	83,629	135,129
162	Buildings	1,566,603	-	1,566,603	838,057	2,404,660
163	Furniture, Equipment & Machinery - Dwellings	53,901	-	53,901	18,661	72,562
164	Furniture, Equipment & Machinery - Administration	60,841	-	60,841	34,638	95,479
165	Leasehold Improvements	360,742	-	360,742	127,585	488,327
166	Accumulated Depreciation	(1,405,930)	-	(1,405,930)	(751,681)	(2,157,611)
160	Total Capital Assets, Net of Accumulated Depreciation	687,657	-	687,657	350,889	1,038,546
180	Total Non-Current Assets	687,657	-	687,657	350,889	1,038,546
200	Deferred Outflow of Resources	2,294	-	2,294	1,147	3,441
290	Total Assets	\$ 967,684	\$ -	\$ 967,684	\$ 458,485	\$1,426,169
312	Accounts Payable <= 90 Days	10,798	\$ -	\$ 10,798	\$ 5,437	16,235
321	Accrued Wage/Payroll Taxes Payable	3,706	-	3,706	-	3,706
322	Accrued Compensated Absences - Current Portion	2,270	-	2,270	1,135	3,405
341	Tenant Security Deposits	9,596	-	9,596	5,065	14,661
342	Deferred Revenues	219	-	219	27	246
310	Total Current Liabilities	26,589	-	26,589	11,664	38,253
357	Accrued Pension and OPEB Liabilities	209,180	-	209,180	-	209,180
350	Total Non-Current Liabilities	209,180	-	209,180	-	209,180
300	Total Liabilities	235,769	-	235,769	11,664	247,433
400	Deferred Inflow of Resources					
508.4	Invested In Capital Assets, Net of Related Debt	687,657	-	687,657	350,889	1,038,546
512.4	Unrestricted Net Position	44,258	-	44,258	95,932	140,190
513	Total Equity - Net Assets/Position	731,915	-	731,915	446,821	1,178,736
600	Total Liabilities, Deferred Inflows of Resources and Equity	\$ 967,684	\$ -	\$ 967,684	\$ 458,485	\$1,426,169

(CONTINUED)

See the accompanying Independent Auditors' Report.

**HOUSING AUTHORITY OF THE CITY OF WRAY**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SUPPLEMENTARY**

**FINANCIAL DATA SCHEDULE**

**For the Year Ended March 31, 2016**

<b>Line Item No.</b>	<b>Description</b>	<b>Public Housing 14.850</b>	<b>Capital Funds 14.872</b>	<b>Total Public Housing</b>	<b>Section 8 Special Allocation 14.195</b>	<b>Total</b>
70300	Net Tenant Rental Revenue	\$ 116,297	\$ -	\$ 116,297	\$ 58,368	\$ 174,665
70400	Tenant Revenue - Other	10,323	-	10,323	5,227	15,550
70500	Total Tenant Revenue	126,620	-	126,620	63,595	190,215
70600	HUD PHA Operating Grants	82,158	-	82,158	84,830	166,988
70610	Capital Grants	11,442	-	11,442	-	11,442
71100	Investment Income - Unrestricted	4,432	-	4,432	87	4,519
71500	Other Revenue	6,050	-	6,050	1,454	7,504
71600	Gain or Loss on Sale of Capital Assets	(1,425)	-	(1,425)	2,167	742
70000	Total Revenue	229,277	-	229,277	152,133	381,410
91100	Administrative Salaries	29,438	-	29,438	13,767	43,205
91200	Auditing Fees	2,000	-	2,000	1,000	3,000
91500	Employee Benefit contributions - Administrative	39,027	-	39,027	6,517	45,544
91600	Office Expenses	6,989	-	6,989	9,959	16,948
91700	Legal Expense	12,704	-	12,704	-	12,704
91800	Travel	656	-	656	328	984
91900	Other	4,830	-	4,830	2,128	6,958
91000	Total Operating - Administrative	95,644	-	95,644	33,699	129,343
92400	Tenant Services - Other	1,461	-	1,461	1,673	3,134
92500	Total Tenant Services	1,461	-	1,461	1,673	3,134
93100	Water	6,442	-	6,442	2,633	9,075
93200	Electricity	11,963	-	11,963	8,915	20,878
93300	Gas	5,235	-	5,235	4,232	9,467
93600	Sewer	4,603	-	4,603	4,169	8,772
93000	Total Utilities	28,243	-	28,243	19,949	48,192
94100	Ordinary Maintenance and Operations - Labor	37,089	-	37,089	18,545	55,634
94200	Ordinary Maintenance and Operations - Materials and Other	16,640	-	16,640	13,408	30,048
94300	Ordinary Maintenance and Operations Contracts	32,655	-	32,655	21,505	54,160
94500	Employee Benefit Contributions - Ordinary Maintenance	16,945	-	16,945	8,891	25,836
94000	Total Maintenance	103,329	-	103,329	62,349	165,678
96110	Property Insurance	11,749	-	11,749	5,280	17,029
96120	Liability Insurance	1,389	-	1,389	655	2,044
96130	Workmen's Compensation	1,200	-	1,200	642	1,842
96140	All Other Insurance	1,070	-	1,070	535	1,605
96100	Total insurance Premiums	15,408	-	15,408	7,112	22,520
96200	Other General Expenses	-	-	-	-	-
96210	Compensated Absences	2,270	-	2,270	1,135	3,405
96400	Bad debt - Tenant Rents	28	-	28	487	515
96000	Total Other General Expenses	2,298	-	2,298	1,622	3,920
96900	Total Operating Expenses	246,383	-	246,383	126,404	372,787
97000	Excess of Operating Revenue over Operating Expenses	(17,106)	-	(17,106)	25,729	8,623
97200	Casualty Losses - Non-capitalized	-	-	-	1,448	1,448
97400	Depreciation Expense	75,740	-	75,740	36,453	112,193
90000	Total Expenses	322,123	-	322,123	164,305	486,428
10010	Operating Transfer In	11,610	-	11,610	-	11,610
10020	Operating transfer Out	(11,610)	-	(11,610)	-	(11,610)
10100	Total Other financing Sources (Uses)	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	\$ (92,846)	\$ -	\$ (92,846)	\$ (12,172)	\$ (105,018)
11030	Beginning Equity	1,007,301	-	1,007,301	458,993	1,466,294
11040	Prior Period Adjustments, Equity Transfers and Correction of	(182,540)	-	(182,540)	-	(182,540)
11190	Unit Months Available	492	-	492	240	732
11210	Number of Unit Months Leased	482	-	482	237	719
11270	Excess Cash	222,807	-	222,807	-	222,807
11620	Building Purchases	10,967	-	10,967	-	10,967
11630	Furniture & Equipment - Dwelling Purchases	(637)	-	(637)	-	(637)
11640	Furniture & Equipment - Administrative Purchases	5,736	-	5,736	-	5,736

See the accompanying Independent Auditors' Report.

**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***

Board of Commissioners  
Housing Authority of the City of Wray  
Wray, 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 Housing Authority of the City of Wray, 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 Wray, Colorado's basic financial statements and have issued our report thereon dated December 30, 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 Wray, 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 Wray, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Wray, 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 whether the Housing Authority of the City of Wray, 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 30, 2016

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