

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

**BASIC FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTAL INFORMATION  
AND  
SUPPLEMENTAL INFORMATION**

**Year Ended December 31, 2016**



**RECEIVED**

*By Justin L. Smith at 5:13 pm, Apr 13, 2017*

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>Required Supplemental Information:</b>	
Management's Discussion and Analysis	1
<b>Independent Auditor's Report</b>	7
<b>Basic Financial Statements:</b>	
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Basic Financial Statements	13
<b>Required Supplemental Information:</b>	
Schedule of Proportionate Share of the Net Pension Liability	30
Schedule of Contributions	31
Notes to Required Supplemental Information	32
<b>Supplemental Information:</b>	
Program Schedule of Net Position	33
Program Schedule of Revenues, Expenses and Changes in Net Position	34
Program Schedule of Cash Flows	35
Financial Data Schedule	37
<b>Government Auditing Standards Section:</b>	
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	40
Summary Schedule of Prior Audit Findings	42
Schedule of Findings and Responses	43
Corrective Action Plan	44

**REQUIRED SUPPLEMENTAL INFORMATION-  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **YUMA HOUSING AUTHORITY/High Plains Manor V. H. VILLA TOWNHOMES**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2016**

This section of the Housing Authority of the Town of Yuma, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2016. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

### **FINANCIAL HIGHLIGHTS**

The term "Net Position" refers to the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Authority's total net position as of December 31, 2016 was \$1,073,273. The net position decreased by (\$128,622), a decrease of 11% from the prior year. Of this amount, \$278,659 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$338,564 for the year ended December 31, 2016. This was a decrease of (\$5,823) or 2% from the prior year.

Operating expenses for the Authority were \$492,727 for the year ended December 31, 2016. This was an increase of \$24,096 or 5% over the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *management's discussion and analysis* report, the *basic financial statements* and the *notes to the basic financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information. In addition, the Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions, Notes to Required Supplementary Information is included as RSI. Since the Authority is comprised of all enterprise funds, no entity-wide basic financial statements are shown.

#### **Required Financial Statements**

*Proprietary Fund Financial Statements* - The basic financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities).

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The Authority combines all of its programs into a single enterprise fund. The Authority has no nonmajor funds.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

**Supplemental Information**

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2016 is required to be included in the audit reporting package.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2016**

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	FY 2016	FY 2015	Dollar Change	Percent Change
Current and other assets	\$ 550,943	\$ 544,710	\$ 6,233	1%
Capital assets	1,425,100	1,577,732	(152,632)	-10%
Total Assets	<u>1,976,043</u>	<u>2,122,442</u>	<u>(146,399)</u>	<u>-7%</u>
Deferred Outflows of Resources	<u>63,251</u>	<u>27,325</u>	<u>35,926</u>	<u>131%</u>
Current liabilities	51,753	61,798	(10,045)	-16%
Other liabilities	223,529	219,999	3,530	2%
Long-term debt outstanding	650,084	666,031	(15,947)	-2%
Total Liabilities	<u>925,366</u>	<u>947,828</u>	<u>(22,462)</u>	<u>-2%</u>
Deferred Inflows of Resources	<u>40,655</u>	<u>44</u>	<u>40,611</u>	<u>92298%</u>
Net Position				
Net investment in capital assets	760,361	896,711	(136,350)	-15%
Restricted	34,253	28,783	5,470	19%
Unrestricted	278,659	276,401	2,258	1%
Total Net Position	<u>\$ 1,073,273</u>	<u>\$ 1,201,895</u>	<u>\$ (128,622)</u>	<u>-11%</u>

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,073,273 at the close of the year ended December 31, 2016. This represents a decrease of (\$128,622) which is a decrease of 11% from the prior year. The increase was primarily attributed to the recording of depreciation which was \$172,362 for the year end December 31, 2016.

Current and other assets increased by \$6,233. This was attributed to operations before depreciation, non-capital grant funds used for capital improvements and principal and interest paid on capital debt which resulted in a net increase in cash and investments of \$15,200. This was offset by a decrease of (\$11,619) in the amount receivable from HUD which is merely the result of when funds are requisitioned.

Current liabilities decreased by (\$10,045). There was no unusual reason for the change only the typical variability from year to year based on the timing of payments. Other liabilities increased by \$3,530 which was the change in the Net Pension Liability which represents the Authority's proportionate share of Colorado PERA unfunded liability.

The largest portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation) and less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Unrestricted net position as of December 31, 2016 was \$278,659. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2016**

**FINANCIAL ANALYSIS (CONT'D)**

The Authority had \$34,253 classified as restricted that is subject to external restrictions on how they may be used. These funds are restricted by the Colorado Housing and Finance Authority as mortgage escrow accounts to be used for taxes, insurance and capital improvements. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

**CONDENSED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 326,513	\$ 330,692	\$ (4,179)	-1%
HUD program contributions	67,589	56,197	11,392	20%
Interest	1,146	883	263	30%
Other	12,201	13,695	(1,494)	-11%
Total Revenues	<u>407,449</u>	<u>401,467</u>	<u>5,982</u>	<u>1%</u>
<b>Expenses</b>				
Depreciation	172,362	170,607	1,755	1%
Operating	320,365	298,024	22,341	7%
Nonoperating	41,725	42,664	(939)	-2%
Total Expenses	<u>534,452</u>	<u>511,295</u>	<u>23,157</u>	<u>5%</u>
Excess (deficiency) before contributions and special items	(127,003)	(109,828)	(17,175)	16%
Capital Contributions	10,597	43,792	(33,195)	
Special Items:				
Energy audit	-	(6,185)	(6,185)	
Termite eradication	(12,216)	-	(12,216)	
Changes in Net Position	<u>(128,622)</u>	<u>(72,221)</u>	<u>(56,401)</u>	
Beginning Net Position	1,201,895	1,274,116	(72,221)	
Ending Net Position	<u>\$ 1,073,273</u>	<u>\$ 1,201,895</u>	<u>\$ (128,622)</u>	

As can be seen above, total revenues increased by \$5,982, primarily due to the decrease in Federal operating grants of \$11,392. This was offset by a decrease in rental income of (\$4,179) or 1% which was not attributed to any unusual or significant event, only the normal fluctuation from year-to-year based on occupancy and rent composition.

HUD operating subsidy for the Authority was \$49,197 for the year ended December 31, 2016. This was a decrease of (\$1,678) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. The Authority also expended \$18,392 of HUD capital grants for operations for the fiscal year ended December 31, 2016

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2016**

**FINANCIAL ANALYSIS (CONT'D)**

compared to \$5,322 in the previous year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

Operating expenses for the Authority were \$320,365 for the year ended December 31, 2016. This was an increase of \$22,341 or 7% over the prior year. The majority of the increase was in maintenance which increased by \$18,255 and was related to the normal fluctuation based on unit turnaround.

HUD capital contributions were \$10,597 for the year ended December 31, 2016. This was a decrease of (\$33,195) from the prior year. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent from year to year 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.

**OCCUPANCY**

Public Housing

The occupancy rate as of 12/31/16 was 100%. There were 6 unit turnovers in 2016. As of April 1, 2017, the occupancy rate was 100%.

Townhomes

The occupancy rate as of 12/31/16 was 95%. There were 10 unit turnovers in 2016. As of April 1, 2017, the occupancy rate was 100%.

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2016 amounts to \$1,425,100. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's net investment in capital assets for the current fiscal year was 10% in terms of net book value. The actual amount to purchase or construct capital assets was \$19,730 for the year. Depreciation charges for the year totaled \$172,362. Additional information on the Authority's capital assets can be found in Note H of the notes to the basic financial statements of this report.

Improvements for public housing was tree trimming, painting curbs and parking lots, replace carpet/tile as necessary. Replace bad thermal pains in windows as needed.

Improvements for V.H. Villa Townhomes was replacing carpet/tile and appliances as necessary, treat property for termites, tree trimming, paint curbs and parking lots.

**LONG-TERM DEBT**

VH Villa Townhomes is a twenty-unit property which has a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured by the property. There has been no change in the debt structure. Additional information on the Authority's long-term debt can be found in Note J of the notes to the financial statements of this report.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2016**

**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 budget. The user 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 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.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Yuma, 700 West 3<sup>rd</sup> Avenue, Yuma, Colorado 80759.

**INDEPENDENT AUDITOR'S REPORT**

Randal D. Niewedde, CPA  
Jeffrey J. Wiens, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Housing Authority of the Town of Yuma, Colorado

### **Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of the Housing Authority of the Town of Yuma, Colorado, as of and for the year ended December 31, 2016, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Basic Financial Statements***

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with 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 an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Yuma, Colorado as of December 31, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's proportionate share of net pension liability, schedule of employer's contributions and notes to required supplementary information 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental information as described previously is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such Information has been subjected to 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules and Financial Data Schedule are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2017 on our consideration of the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPA's*

York, Nebraska  
April 4, 2017

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
December 31, 2016

<b>ASSETS</b>	<u>Housing</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 324,750
Investments	134,291
Accounts receivable, net	140
Due from other governments	11,951
Accrued interest receivable	69
Prepaid insurance	26,302
<i>Restricted:</i>	
Cash and cash equivalents	<u>53,440</u>
TOTAL CURRENT ASSETS	<u>550,943</u>
<b>NONCURRENT ASSETS:</b>	
Capital Assets, non-depreciable	111,594
Capital Assets, depreciable, net	<u>1,313,506</u>
TOTAL NONCURRENT ASSETS	<u>1,425,100</u>
TOTAL ASSETS	<u>1,976,043</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension related deferred outflows of resources	<u>63,251</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>63,251</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	6,277
Accrued payroll and benefits payable	8,300
Tenant security deposits payable	19,187
Compensated absences payable	3,035
Unearned revenue	299
Mortgage payable, current portion	<u>14,655</u>
TOTAL CURRENT LIABILITIES	<u>51,753</u>
<b>NONCURRENT LIABILITIES:</b>	
Compensated absences payable	652
Mortgage payable	650,084
Net pension liability	<u>222,877</u>
TOTAL NONCURRENT LIABILITIES	<u>873,613</u>
TOTAL LIABILITIES	<u>925,366</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension related deferred inflows of resources	<u>40,655</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>40,655</u>
<b>NET POSITION</b>	
Net investment in capital assets	760,361
Restricted	34,253
Unrestricted	<u>278,659</u>
TOTAL NET POSITION	<u>\$ 1,073,273</u>

See accompanying notes.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUND**  
**Year Ended December 31, 2016**

	<b>Housing</b>
<b>OPERATING REVENUES</b>	
Rental income	\$ 326,513
Other income	<u>12,051</u>
TOTAL OPERATING REVENUES	338,564
<b>OPERATING EXPENSES</b>	
Administrative	104,113
Tenant services	1,820
Utilities	51,086
Ordinary maintenance and operations	119,792
General expense	43,554
Depreciation	<u>172,362</u>
TOTAL OPERATING EXPENSES	<u>492,727</u>
OPERATING INCOME (LOSS)	<u>(154,163)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
HUD operating subsidy	49,197
HUD capital grants - operations	18,392
Interest income	1,146
Interest expense	(41,725)
Gain on capital asset dispositions	<u>150</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>27,160</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	(127,003)
<b>CAPITAL CONTRIBUTIONS</b>	
HUD capital fund grants	10,597
<b>SPECIAL ITEMS</b>	
Termite eradication	<u>(12,216)</u>
INCREASE (DECREASE) IN NET POSITION	(128,622)
<b>NET POSITION</b>	
Net position, beginning balance	<u>1,201,895</u>
TOTAL NET POSITION - ENDING BALANCE	<u>\$ 1,073,273</u>

See accompanying notes.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
Year Ended December 31, 2016

	<b>Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Rental receipts	\$ 327,589
Other receipts	12,181
Tenant security deposits	1,015
Cash payments for goods and services	(157,587)
Cash payments to employees for services	(165,308)
	<b>17,890</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	49,197
HUD capital grants-operations	29,881
Special Item, termite eradication	(12,216)
	<b>66,862</b>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(19,730)
HUD capital fund grants	10,597
Interest paid on capital debt	(45,244)
Principal paid on capital debt	(16,282)
	<b>(70,659)</b>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net (deposits) withdrawals to investments	(194)
Interest received	1,107
	<b>913</b>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>15,006</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<b>363,184</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 378,190</b>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)  
Year Ended December 31, 2016

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (154,163)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	172,362
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,189
(Increase) decrease in prepaid insurance	(3,672)
(Increase) decrease in deferred outflows of resources	(35,926)
Increase (decrease) in accounts payable	348
Increase (decrease) in tenant security deposits	1,015
Increase (decrease) in accrued payroll and benefits	(1,341)
Increase (decrease) in accrued compensated absences	(5,472)
Increase (decrease) in unearned revenue	17
Increase (decrease) in net pension liability	2,878
Increase (decrease) in deferred inflows of resources	<u>40,655</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 17,890</u>

See accompanying notes.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

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 United States Housing Act of 1937 and amendments contained in 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).

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, the following entity is included in the financial reporting of the Authority:

*Villa Townhomes, Ltd., is a Colorado limited partnership formed and operated under the terms of the Amended and Restated Agreement of Limited Partnership dated October 29, 1996. Prior to August 31, 2012 the Yuma Housing Authority was the general partner with a 1% ownership. On August 31, 2012, the 99% owner, the "Limited Partner" assigned all of the ownership rights and obligations to the Yuma Housing Authority. In December 2014, the Authority converted Villa Townhomes, Ltd (a limited partnership) to Villa Townhomes, LLC (a limited liability company).*

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements.

The Authority has a sole enterprise fund which includes the activities of the following programs:

***Public Housing Program*** - This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects 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.

***VH Villa Townhomes Program*** - This program accounts for the operation, maintenance, and development of a 20-unit tax-credit project. The project was originally developed in November 1997 and the Yuma Housing Authority managed as the general partner until August 31, 2011 which then it was assigned as the sole owner of the property by the limited partner and Villa Townhomes, LLC (a limited liability company) was created to account for these activities.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Cash and Investments

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 Cash Investments are available upon demand and 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 to be "cash equivalents".

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

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

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value. The Authority generally capitalized assets with cost of \$1,000 or more as purchases and construction outlays occur.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Building improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply restricted net position first.

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, deferred outflows, liabilities, deferred inflows, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that is applicable to future reporting periods. Deferred outflows of resources in the Statement of Net Position consist of the unamortized portions of the net difference between projected and actual earnings on pension plan investments, the net difference between actual expected and actual experience with regard to economic and demographic factors in the measurement of the total pension liability, changes of assumptions about future economic or demographic factors or other inputs and the net effect of the change in the employer's proportion share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources related to pensions. Deferred outflows also contain employer pension contributions made after the measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Colorado Public Employees Retirement Association (Colorado PERA) and additions to/deductions from Colorado PERA'S fiduciary net position have been determined on the same basis as they are reported by Colorado PERA. 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.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that is applicable to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portions of the net difference between projected and actual earnings on pension plan investments, the net difference between actual expected and actual experience with regard to economic and demographic factors in the measurement of the total pension liability, changes of assumptions about future economic or demographic factors or other inputs and the net effect of the change in the employer's proportion share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources related to pensions.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Compensated Absences

The Authority's policy allows employees to accumulate unused vacation leave. Sick leave may be accumulated but not paid upon termination.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 45.

Income Taxes

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

Taxpayer's Bill of Rights

In November, 1992, the voters of the State of Colorado approved an amendment to the State's Constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the TABOR amendment because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes, all basic operational requirements of TABOR.

**NOTE B - DEPOSITS AND INVESTMENTS**

At December 31, 2016, the Authority's carrying amount of deposits was \$478,153 and the bank balances were \$495,167. The Authority had cash on hand of \$75 as of December 31, 2016. In addition, the Authority has a total of \$34,253 held as mortgage escrow balances, for replacement reserves, mortgage insurance and property insurance. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the total bank balances \$384,291 were covered by FDIC insurance and \$110,876 was covered by the Colorado Public Deposit Protection Act (PDPA).

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE C – ACCOUNTS RECEIVABLE**

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

Tenants	\$	800	
Allowance for doubtful accounts		<u>(660)</u>	
	\$	<u>140</u>	

**NOTE D – DUE FROM OTHER GOVERNMENTS**

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

HUD – capital fund grants	\$	11,023	
Section 8 administrative fees		<u>928</u>	
	\$	<u>11,951</u>	

**NOTE E – RESTRICTED ASSETS**

A summary of restricted cash and cash equivalents as presented in the Statement of Net Position at December 31, 2016 is as follows:

Tenant security deposits	\$	19,187	
Mortgage escrow funds		<u>34,253</u>	[1]
	\$	<u>53,440</u>	

[1] – these funds are restricted by the Colorado Housing and Finance Authority as mortgage escrow accounts to be used for taxes, insurance and capital improvements.

**NOTE F – ACCOUNTS PAYABLE**

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

Vendors and contractors	\$	<u>6,277</u>
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**NOTE G – UNEARNED REVENUE**

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2016 is as follows:

Tenant prepaid rents	\$	<u>299</u>
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**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE H – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
<b>Non-depreciable assets:</b>				
Land	\$ 110,354	\$ -	\$ -	\$ 110,354
Construction in progress	1,070	10,597	(10,427)	1,240
<b>Total non-depreciable assets</b>	<u>111,424</u>	<u>10,597</u>	<u>(10,427)</u>	<u>111,594</u>
<b>Depreciable assets</b>				
Buildings	4,743,663	17,545	-	4,761,208
Equipment - Dwelling	94,925	649	(1,872)	93,702
Equipment - Administration	76,834	1,366	-	78,200
<b>Total depreciable assets</b>	<u>4,915,422</u>	<u>19,560</u>	<u>(1,872)</u>	<u>4,933,110</u>
<b>Total Capital Assets</b>	<u>5,026,846</u>	<u>30,157</u>	<u>(12,299)</u>	<u>5,044,704</u>
<b>Accumulated depreciation</b>				
Buildings	3,336,152	162,305	-	3,498,457
Equipment - Dwelling	71,478	3,726	(1,872)	73,332
Equipment - Administration	41,484	6,331	-	47,815
<b>Total accumulated depreciation</b>	<u>3,449,114</u>	<u>172,362</u>	<u>(1,872)</u>	<u>3,619,604</u>
<b>Depreciable assets, net</b>	<u>1,466,308</u>	<u>(152,802)</u>	<u>-</u>	<u>1,313,506</u>
<b>Capital assets, net</b>	<u>\$ 1,577,732</u>	<u>\$ (142,205)</u>	<u>\$ (10,427)</u>	<u>\$ 1,425,100</u>

**NOTE I—ACCRUED COMPENSATED ABSENCES**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	\$ 9,811	\$ 5,869	\$ (11,993)	\$ 3,687	\$ 3,035

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE J – LONG-TERM LIABILITIES**

As detailed in Note A, the Authority was assigned the ownership rights and obligations of the VH Villa Townhomes on August 31, 2012. The twenty-unit property has a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property known as Villa Townhomes. The loan had an original amount of \$830,000 dated November 14, 1997 which had an original interest rate of 6.9%. The loan was modified in October 2006 and the current interest rate is 6.2%. The loan requires monthly principal and interest payments \$4,733 through December, 2037. The balance due at December 31, 2016 was \$664,739.

A summary of changes in mortgage payable as of December 31, 2016 is as follows:

Description	Balance 1/1/2016	Issued	Retired	Balance 12/31/2016	Due Within One Year
CHFA Mortgage	\$ 681,021	\$ -	\$ (16,282)	\$ 664,739	\$ 14,655
Total	<u>\$ 681,021</u>	<u>\$ -</u>	<u>\$ (16,282)</u>	<u>\$ 664,739</u>	<u>\$ 14,655</u>
			Less current maturities	(14,655)	
			Long-term portion	<u>\$ 650,084</u>	

Principal and interest requirements for the mortgage are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 14,655	\$ 42,138	\$ 56,793
2018	16,964	39,829	56,793
2019	18,046	38,747	56,793
2020	19,198	37,595	56,793
2021	20,422	36,371	56,793
2022-2026	121,637	162,328	283,965
2027-2031	168,107	115,858	283,965
2032-2036	229,019	54,946	283,965
2037	56,691	4,834	61,525
	<u>\$ 664,739</u>	<u>\$ 532,646</u>	<u>\$ 1,197,385</u>

**NOTE K—NET POSITION**

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE K – NET POSITION (CONT'D)**

- **Restricted** – This category represents net position of the Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Restricted net position of \$34,253 is restricted in the VH Villa Townhomes Program by the Colorado Housing and Finance Authority (CHFA) to be used for taxes, insurance and capital improvements upon approval of CHFA (See Note E).

- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

**NOTE L – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS**

The condensed financial statement data for the blended component units is as follows:

**CONDENSED STATEMENT OF NET POSITION**

		<u>VH Villa Townhomes</u>
Current assets	\$	154,143
Capital assets		833,512
Total Assets		<u>987,655</u>
Current liabilities		24,853
Noncurrent liabilities		650,084
Total Liabilities		<u>674,937</u>
Net Position		
Net investment in capital assets		168,773
Restricted		34,253
Unrestricted		109,692
Total Net Position	\$	<u><u>312,718</u></u>

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE L – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS (CONT'D)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

		<u>VH Villa Townhomes</u>
<b>Operating Revenues</b>		
Rental	\$	139,299
Total Operating Revenue		<u>139,299</u>
<b>Operating Expense</b>		
Operating, excluding depreciation		61,930
Depreciation		79,106
Total Operating Expense		<u>141,036</u>
Operating Income (Loss)		(1,737)
<b>Nonoperating</b>		
Revenues		274
Expenses		(41,725)
Total Nonoperating Revenue (Expenses)		<u>(41,451)</u>
Income (Loss) before Special Items		(43,188)
<b>Special Items</b>		
Termite eradication		(12,216)
Changes in Net Position		<u>(55,404)</u>
Beginning Net Position		368,122
Ending Net Position	\$	<u><u>312,718</u></u>

**CONDENSED STATEMENT OF CASH FLOWS**

		<u>VH Villa Townhomes</u>
<b>Net Cash Provided (Used) by:</b>		
Operating Activities	\$	79,273
Noncapital Financing Activities		(12,216)
Capital and Related Financing Activities		(68,135)
Investing Activities		274
Net Increase (Decrease) in Cash		<u>(804)</u>
Beginning Cash and Cash Equivalents		148,358
Ending Cash and Cash Equivalents	\$	<u><u>147,554</u></u>

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE M – CONTINGENCIES**

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. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any to be immaterial.

**NOTE N - 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 for which the Authority purchases commercial insurance.

During the year ended December 31, 2016, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**NOTE O– PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE O-- PENSION PLAN (CONT'D)**

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.

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

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

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

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE O– PENSION PLAN (CONT'D)**

*Contributions.* Eligible employees and Yuma Housing 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.

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Yuma Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Yuma Housing Authority were \$14,570 for the year ended December 31, 2015.

The employer contribution requirements are summarized in the table below:

January 1 <sup>st</sup> through December 31 <sup>st</sup>	2015
Employer Contribution Rate <sup>1</sup>	10.00%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	13.70%

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

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

At December 31, 2016, the Yuma Housing Authority reported a liability of \$222,877 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 December 31, 2015. The Yuma Housing Authority proportion of the net pension liability was based on Yuma Housing Authority contributions to the LGDTF for the calendar year 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Yuma Housing Authority proportion was .0202324315 percent, which was a decrease of .00431253 percent from its proportion measured as of December 31, 2014.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE O– PENSION PLAN (CONT'D)**

For the year ended December 31, 2016, the Yuma Housing Authority recognized pension expense of \$25,089. At December 31, 2016, the Yuma Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as listed below:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ --	\$ 4,082
Difference between expected and actual experience	\$ 1,672	\$ 8
Difference between projected and actual earnings on pension plan investments	\$ 42,905	\$ --
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ --	\$ 36,565
Contributions paid to PERA subsequent to the measurement date – FYE 2016	\$ 18,674	\$ --
<b>Total</b>	<b>\$ 63,251</b>	<b>\$ 40,655</b>

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 December 31:**

2017	\$	910
2018		1,054
2019		1,098
2020		860
	\$	3,922

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE O– PENSION PLAN (CONT'D)**

Actuary cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
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 (AIR)

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, 2014 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.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, 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%
Long 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%	

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE O-- PENSION PLAN (CONT'D)**

\* 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 assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those 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 Yuma Housing Authority's 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:

1% Decrease (6.50%)	Discount rate (7.50%)	1% Increase (8.50%)
\$341,693	\$222,877	\$124,331

*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).

Payables to the Pension Plan

At December 31, 2016, the Agency reported \$3,527 payable to the defined benefit pension plan for legally required employer and employee contributions which had been withheld from employee wages but not yet remitted to PERA.

**Defined Contribution Pension Plan**

Voluntary Investment Program

*Plan Description* - Employees of the Yuma Housing Authority that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE O- PENSION PLAN (CONT'D)**

*Funding Policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2016, program members contributed \$4,844, for the Voluntary Investment Program.

**REQUIRED SUPPLEMENTAL INFORMATION-  
GASB 68 SCHEDULES AND NOTES**

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 For the Last Ten Fiscal Years\***

	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.020232466%	0.024544995%
Authority's proportionate share of the net pension liability	\$ 222,877	\$ 219,999
Authority's covered-employee payroll	\$ 135,419	\$ 134,498
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165%	164%
Plan fiduciary net position as a percentage of the total pension liability	77%	81%

\* - The amounts presented for each fiscal year were determined as of the Pension fiscal year that occurred within the fiscal year. Additional years will be displayed as they become available.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**For the Last Ten Fiscal Years\***

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 18,552	\$ 15,742
Contributions in relation to the contractually required contributions	18,552	15,742
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 135,419	\$ 114,904
Contributions as a percentage of covered-employee payroll	13.70%	13.70%

\* - The amounts presented were determined as of the Authority's fiscal year. Additional years will be displayed as they become available.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

**NOTE A – CHANGES TO ASSUMPTIONS OR OTHER INPUTS SINCE THE DECEMBER 31, 2013 ACTUARIAL VALUATION:**

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 form.

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.

**NOTE B – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION**

*2015 Changes in Plan Provisions Since 2014*

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOOPs) issued in 1997 and 2008 and refinanced thereafter.
- As required under Section 24-51-401(1.7)e of Colorado Revised Statutes, PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and DPS Division's ratios of unfunded actuarial accrued liability (UAAL) to payroll, as of December 31, 2039. Subsequently, the Colorado General Assembly passed HB 15-1391, reducing the employer contribution rate of the DPS Division from 13.75% to 10.15%, effective January 1, 2015.

*2014 Changes in Plan Provisions Since 2013*

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOOPs) issued in 1997 and 2008 and refinanced thereafter.

**SUPPLEMENTAL INFORMATION –  
PROGRAM FINANCIAL SCHEDULES**

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**PROGRAM SCHEDULE OF NET POSITION**  
December 31, 2016

<b>ASSETS</b>	<u>Public Housing</u>	<u>VH Villa Townhomes</u>	<u>Totals</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 220,420	\$ 104,330	\$ 324,750
Investments	134,291	-	134,291
Accounts receivable, net	65	75	140
Due from other governments	11,951	-	11,951
Accrued interest receivable	69	-	69
Prepaid insurance	19,788	6,514	26,302
<i>Restricted:</i>			
Cash and cash equivalents	<u>10,216</u>	<u>43,224</u>	<u>53,440</u>
TOTAL CURRENT ASSETS	<u>396,800</u>	<u>154,143</u>	<u>550,943</u>
<b>NONCURRENT ASSETS:</b>			
Capital Assets, non-depreciable	7,594	104,000	111,594
Capital Assets, depreciable, net	<u>583,994</u>	<u>729,512</u>	<u>1,313,506</u>
TOTAL NONCURRENT ASSETS	<u>591,588</u>	<u>833,512</u>	<u>1,425,100</u>
TOTAL ASSETS	<u>988,388</u>	<u>987,655</u>	<u>1,976,043</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows of resources	<u>63,251</u>	<u>-</u>	<u>63,251</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>63,251</u>	<u>-</u>	<u>63,251</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	5,050	1,227	6,277
Accrued payroll and benefits payable	8,300	-	8,300
Tenant security deposits payable	10,216	8,971	19,187
Compensated absences payable	3,035	-	3,035
Unearned revenue	299	-	299
Mortgage payable, current portion	<u>-</u>	<u>14,655</u>	<u>14,655</u>
TOTAL CURRENT LIABILITIES	<u>26,900</u>	<u>24,853</u>	<u>51,753</u>
<b>NONCURRENT LIABILITIES:</b>			
Compensated absences payable	652	-	652
Mortgage payable	-	650,084	650,084
Net pension liability	<u>222,877</u>	<u>-</u>	<u>222,877</u>
TOTAL NONCURRENT LIABILITIES	<u>223,529</u>	<u>650,084</u>	<u>873,613</u>
TOTAL LIABILITIES	<u>250,429</u>	<u>674,937</u>	<u>925,366</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related deferred inflows of resources	<u>40,655</u>	<u>-</u>	<u>40,655</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>40,655</u>	<u>-</u>	<u>40,655</u>
<b>NET POSITION</b>			
Net investment in capital assets	591,588	168,773	760,361
Restricted	-	34,253	34,253
Unrestricted	<u>168,967</u>	<u>109,692</u>	<u>278,659</u>
TOTAL NET POSITION	<u>\$ 760,555</u>	<u>\$ 312,718</u>	<u>\$ 1,073,273</u>

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Year Ended December 31, 2016

	Public Housing	VH Villa Townhomes	Totals
<b>OPERATING REVENUES</b>			
Rental income	\$ 187,214	\$ 139,299	\$ 326,513
Other income	34,041	-	34,041
TOTAL OPERATING REVENUES	221,255	139,299	360,554
<b>OPERATING EXPENSES</b>			
Administrative	100,942	16,213	117,155
Tenant services	1,820	-	1,820
Utilities	42,823	8,263	51,086
Ordinary maintenance and operations	105,540	23,200	128,740
General expense	29,300	14,254	43,554
Depreciation	93,256	79,106	172,362
TOTAL OPERATING EXPENSES	373,681	141,036	514,717
OPERATING INCOME (LOSS)	(152,426)	(1,737)	(154,163)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
HUD operating subsidy	49,197	-	49,197
HUD capital grants - operations	18,392	-	18,392
Interest income	872	274	1,146
Interest expense	-	(41,725)	(41,725)
Gain on capital asset dispositions	150	-	150
TOTAL NONOPERATING REVENUES (EXPENSES)	68,611	(41,451)	27,160
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	(83,815)	(43,188)	(127,003)
<b>CAPITAL CONTRIBUTIONS</b>			
HUD capital fund grants	10,597	-	10,597
<b>SPECIAL ITEMS</b>			
Termite eradication	-	(12,216)	(12,216)
INCREASE (DECREASE) IN NET POSITION	(73,218)	(55,404)	(128,622)
<b>NET POSITION</b>			
Net position, beginning balance	833,773	368,122	1,201,895
TOTAL NET POSITION - ENDING BALANCE	\$ 760,555	\$ 312,718	\$ 1,073,273

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2016**

	<u>Public Housing</u>	<u>VH Villa Townhomes</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Rental receipts	\$ 187,192	\$ 140,397	\$ 327,589
Other receipts	34,171	-	34,171
Tenant security deposits	698	317	1,015
Cash payments for goods and services	(118,136)	(61,441)	(179,577)
Cash payments to employees for services	<u>(165,308)</u>	<u>-</u>	<u>(165,308)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(61,383)	79,273	17,890
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
HUD operating subsidy	49,197	-	49,197
HUD capital grants - operations	29,881	-	29,881
Special Item, termite eradication	<u>-</u>	<u>(12,216)</u>	<u>(12,216)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	79,078	(12,216)	66,862
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases and construction of capital assets	(13,121)	(6,609)	(19,730)
HUD capital fund grants	10,597	-	10,597
Interest paid on capital debt	-	(45,244)	(45,244)
Principal paid on capital debt	<u>-</u>	<u>(16,282)</u>	<u>(16,282)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,524)	(68,135)	(70,659)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net (deposits) withdrawals to investments	(194)	-	(194)
Interest received	<u>833</u>	<u>274</u>	<u>1,107</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	639	274	913
NET INCREASE (DECREASE) IN CASH	15,810	(804)	15,006
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>214,826</u>	<u>148,358</u>	<u>363,184</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 230,636</u>	<u>\$ 147,554</u>	<u>\$ 378,190</u>

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)**  
Year Ended December 31, 2016

	Public Housing	VH Villa Townhomes	Totals
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (152,426)	\$ (1,737)	\$ (154,163)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	93,256	79,106	172,362
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	91	1,098	1,189
(Increase) decrease in prepaid insurance	(3,644)	(28)	(3,672)
(Increase) decrease in deferred outflows of resources	(35,926)	-	(35,926)
Increase (decrease) in accounts payable	(169)	517	348
Increase (decrease) in tenant security deposits	698	317	1,015
Increase (decrease) in accrued payroll and benefits	(1,341)	-	(1,341)
Increase (decrease) in accrued compensated absences	(5,472)	-	(5,472)
Increase (decrease) in unearned revenue	17	-	17
Increase (decrease) in net pension liability	2,878	-	2,878
Increase (decrease) in deferred inflows of resources	40,655	-	40,655
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (61,383)	\$ 79,273	\$ 17,890

**SUPPLEMENTAL INFORMATION –  
FINANCIAL DATA SCHEDULE**

Housing Authority of the Town of Yuma (CO009)  
YUMA, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$220,420	\$104,330		\$324,750		\$324,750
113 Cash - Other Restricted		\$34,253		\$34,253		\$34,253
114 Cash - Tenant Security Deposits	\$10,216	\$8,971		\$19,187		\$19,187
100 Total Cash	\$230,636	\$147,554	\$0	\$378,190		\$378,190
122 Accounts Receivable - HUD Other Projects	\$11,023			\$11,023		\$11,023
124 Accounts Receivable - Other Government	\$928			\$928		\$928
126 Accounts Receivable - Tenants	\$95	\$735		\$800		\$800
126.1 Allowance for Doubtful Accounts - Tenants	\$0	-\$660		-\$660		-\$660
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0		\$0
129 Accrued Interest Receivable	\$69			\$69		\$69
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,085	\$75	\$0	\$12,160		\$12,160
131 Investments - Unrestricted	\$134,291			\$134,291		\$134,291
142 Prepaid Expenses and Other Assets	\$19,788	\$6,514		\$26,302		\$26,302
150 Total Current Assets	\$396,800	\$154,143	\$0	\$550,943		\$550,943
161 Land	\$6,354	\$104,000		\$110,354		\$110,354
162 Buildings	\$2,895,202	\$1,866,006		\$4,761,208		\$4,761,208
163 Furniture, Equipment & Machinery - Dwellings	\$86,164	\$7,538		\$93,702		\$93,702
164 Furniture, Equipment & Machinery - Administration	\$78,200			\$78,200		\$78,200
166 Accumulated Depreciation	-\$2,475,572	-\$1,144,032		-\$3,619,604		-\$3,619,604
167 Construction in Progress	\$1,240			\$1,240		\$1,240
160 Total Capital Assets, Net of Accumulated Depreciation	\$591,588	\$833,512	\$0	\$1,425,100		\$1,425,100
180 Total Non-Current Assets	\$591,588	\$833,512	\$0	\$1,425,100		\$1,425,100
200 Deferred Outflow of Resources	\$63,251			\$63,251		\$63,251
290 Total Assets and Deferred Outflow of Resources	\$1,051,639	\$987,655	\$0	\$2,039,294		\$2,039,294
312 Accounts Payable <= 90 Days	\$330	\$510		\$840		\$840
321 Accrued Wage/Payroll Taxes Payable	\$8,300			\$8,300		\$8,300
322 Accrued Compensated Absences - Current Portion	\$3,035			\$3,035		\$3,035
341 Tenant Security Deposits	\$10,216	\$8,971		\$19,187		\$19,187
342 Unearned Revenue	\$299			\$299		\$299
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$14,655		\$14,655		\$14,655
346 Accrued Liabilities - Other	\$4,720	\$717		\$5,437		\$5,437
310 Total Current Liabilities	\$26,900	\$24,853	\$0	\$51,753		\$51,753
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$650,084		\$650,084		\$650,084
354 Accrued Compensated Absences - Non Current	\$652			\$652		\$652
357 Accrued Pension and OPEB Liabilities	\$222,877			\$222,877		\$222,877
350 Total Non-Current Liabilities	\$223,529	\$650,084	\$0	\$873,613		\$873,613
300 Total Liabilities	\$250,429	\$674,937	\$0	\$925,366		\$925,366
400 Deferred Inflow of Resources	\$40,655			\$40,655		\$40,655
508.4 Net Investment in Capital Assets	\$591,588	\$168,773		\$760,361		\$760,361
511.4 Restricted Net Position		\$34,253		\$34,253		\$34,253
512.4 Unrestricted Net Position	\$168,967	\$109,692	\$0	\$278,659		\$278,659
513 Total Equity - Net Assets / Position	\$760,555	\$312,718	\$0	\$1,073,273		\$1,073,273
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,051,639	\$987,655	\$0	\$2,039,294		\$2,039,294

Housing Authority of the Town of Yuma (CO009)  
YUMA, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$172,631	\$132,325		\$304,856		\$304,856
70400 Tenant Revenue - Other	\$14,683	\$6,974		\$21,657		\$21,657
70500 Total Tenant Revenue	\$187,214	\$139,299	\$0	\$326,513	\$0	\$326,513
70600 HUD PHA Operating Grants	\$67,589			\$67,589		\$67,589
70810 Capital Grants	\$10,597			\$10,597		\$10,597
71100 Investment Income - Unrestricted	\$872	\$274		\$1,146		\$1,146
71500 Other Revenue	\$280		\$33,751	\$34,041	-\$21,990	\$12,051
71600 Gain or Loss on Sale of Capital Assets	\$150			\$150		\$150
70000 Total Revenue	\$266,712	\$139,573	\$33,751	\$440,036	-\$21,990	\$418,046
91100 Administrative Salaries	\$39,132		\$26,973	\$66,105		\$66,105
91200 Auditing Fees	\$3,675	\$1,150		\$4,825		\$4,825
91300 Management Fee		\$13,042		\$13,042	-\$13,042	\$0
91400 Advertising and Marketing	\$102			\$102		\$102
91500 Employee Benefit contributions - Administrative	\$18,664		\$45	\$18,709		\$18,709
91600 Office Expenses	\$5,651	\$435		\$6,086		\$6,086
91800 Travel	\$2,915			\$2,915		\$2,915
91900 Other	\$3,785	\$1,586		\$5,371		\$5,371
91000 Total Operating - Administrative	\$73,924	\$16,213	\$27,018	\$117,155	-\$13,042	\$104,113
92100 Tenant Services - Salaries	\$1,150			\$1,150		\$1,150
92300 Employee Benefit Contributions - Tenant Services	\$455			\$455		\$455
92400 Tenant Services - Other	\$215			\$215		\$215
92500 Total Tenant Services	\$1,820	\$0	\$0	\$1,820	\$0	\$1,820
93100 Water	\$3,279	\$2,037		\$5,316		\$5,316
93200 Electricity	\$16,894	\$1,100		\$18,094		\$18,094
93300 Gas	\$17,172	\$1,142		\$18,314		\$18,314
93600 Sewer	\$5,378	\$3,984		\$9,362		\$9,362
93000 Total Utilities	\$42,823	\$8,263	\$0	\$51,086	\$0	\$51,086
94100 Ordinary Maintenance and Operations - Labor	\$47,308		\$6,401	\$53,709		\$53,709
94200 Ordinary Maintenance and Operations - Materials and Other	\$10,036	\$2,445		\$12,481		\$12,481
94300 Ordinary Maintenance and Operations Contracts	\$21,681	\$20,755		\$42,436	-\$8,948	\$33,488
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,114			\$20,114		\$20,114
94000 Total Maintenance	\$89,139	\$23,200	\$6,401	\$128,740	-\$8,948	\$119,792
96110 Property Insurance	\$17,959	\$11,327		\$29,286		\$29,286
96120 Liability Insurance	\$1,275			\$1,275		\$1,275
96130 Workmen's Compensation	\$2,354			\$2,354		\$2,354
96140 All Other Insurance	\$1,511			\$1,511		\$1,511
96100 Total Insurance Premiums	\$23,099	\$11,327	\$0	\$34,426	\$0	\$34,426
96200 Other General Expenses			\$332	\$332		\$332
96210 Compensated Absences	\$5,869			\$5,869		\$5,869
96400 Bad debt - Tenant Rents		\$2,927		\$2,927		\$2,927
96000 Total Other General Expenses	\$5,869	\$2,927	\$332	\$9,128	\$0	\$9,128
96710 Interest of Mortgage (or Bonds) Payable		\$41,725		\$41,725		\$41,725
96700 Total Interest Expense and Amortization Cost	\$0	\$41,725	\$0	\$41,725	\$0	\$41,725
96900 Total Operating Expenses	\$246,674	\$103,655	\$33,751	\$384,080	-\$21,990	\$362,090
97000 Excess of Operating Revenue over Operating Expenses	\$20,038	\$35,918	\$0	\$55,956	\$0	\$55,956
97400 Depreciation Expense	\$93,256	\$79,106		\$172,362		\$172,362
90000 Total Expenses	\$339,930	\$182,761	\$33,751	\$556,442	-\$21,990	\$534,452
10010 Operating Transfer In	\$18,392			\$18,392	-\$21,730	-\$3,338
10020 Operating transfer Out	-\$18,392			-\$18,392	\$21,730	\$3,338
10080 Special Items (Net Gain/Loss)		-\$12,216		-\$12,216		-\$12,216
10100 Total Other financing Sources (Uses)	\$0	-\$12,216	\$0	-\$12,216	\$0	-\$12,216
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$73,218	-\$55,404	\$0	-\$128,622	\$0	-\$128,622
11020 Required Annual Debt Principal Payments	\$0	\$16,282	\$0	\$16,282		\$16,282
11030 Beginning Equity	\$833,773	\$368,122	\$0	\$1,201,895		\$1,201,895
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11180 Unit Months Available	600	240		840		840
11210 Number of Unit Months Leased	589	231		820		820
11270 Excess Cash	\$329,890			\$329,890		\$329,890
11620 Building Purchases	\$11,756			\$11,756		\$11,756
11640 Furniture & Equipment - Administrative Purchases	\$1,365			\$1,365		\$1,365

Housing Authority of the Town of Yuma (CO009)  
YUMA, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single  
Audit

Fiscal Year End: 12/31/2016

Project: CO009101655 HIGH PLAINS MANOR

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$172,531		\$172,531
70400 Tenant Revenue - Other	\$14,683		\$14,683
70500 Total Tenant Revenue	\$187,214	\$0	\$187,214
70600 HUD PHA Operating Grants	\$49,197	\$18,392	\$67,589
70610 Capital Grants		\$10,597	\$10,597
71100 Investment Income - Unrestricted	\$872		\$872
71500 Other Revenue	\$290		\$290
71600 Gain or Loss on Sale of Capital Assets	\$150		\$150
70000 Total Revenue	\$237,723	\$28,989	\$266,712
91100 Administrative Salaries	\$39,132		\$39,132
91200 Auditing Fees	\$3,675		\$3,675
91400 Advertising and Marketing	\$102		\$102
91500 Employee Benefit contributions - Administrative	\$18,664		\$18,664
91600 Office Expenses	\$5,651		\$5,651
91800 Travel	\$2,915		\$2,915
91900 Other	\$3,785		\$3,785
91000 Total Operating - Administrative	\$73,924	\$0	\$73,924
92100 Tenant Services - Salaries	\$1,150		\$1,150
92300 Employee Benefit Contributions - Tenant Services	\$455		\$455
92400 Tenant Services - Other	\$215		\$215
92500 Total Tenant Services	\$1,820	\$0	\$1,820
93100 Water	\$3,279		\$3,279
93200 Electricity	\$16,994		\$16,994
93300 Gas	\$17,172		\$17,172
93600 Sewer	\$5,378		\$5,378
93000 Total Utilities	\$42,823	\$0	\$42,823
94100 Ordinary Maintenance and Operations - Labor	\$47,308		\$47,308
94200 Ordinary Maintenance and Operations - Materials and Other	\$10,036		\$10,036
94300 Ordinary Maintenance and Operations Contracts	\$21,681		\$21,681
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,114		\$20,114
94000 Total Maintenance	\$99,139	\$0	\$99,139
96110 Property Insurance	\$17,959		\$17,959
96120 Liability Insurance	\$1,275		\$1,275
96130 Workmen's Compensation	\$2,354		\$2,354
96140 All Other Insurance	\$1,511		\$1,511
96100 Total Insurance Premiums	\$23,099	\$0	\$23,099
96210 Compensated Absences	\$5,869		\$5,869
96000 Total Other General Expenses	\$5,869	\$0	\$5,869
96900 Total Operating Expenses	\$246,674	\$0	\$246,674
97000 Excess of Operating Revenue over Operating Expenses	-\$8,951	\$28,989	\$20,038
97400 Depreciation Expense	\$93,256		\$93,256
90000 Total Expenses	\$339,930	\$0	\$339,930
10010 Operating Transfer In	\$18,392		\$18,392
10020 Operating transfer Out		-\$18,392	-\$18,392
10100 Total Other financing Sources (Uses)	\$18,392	-\$18,392	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$83,815	\$10,597	-\$73,218
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$833,773	\$0	\$833,773
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$10,597	-\$10,597	\$0
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	589		589
11270 Excess Cash	\$329,890		\$329,890
11620 Building Purchases	\$1,159	\$10,597	\$11,756
11640 Furniture & Equipment - Administrative Purchases	\$1,365	\$0	\$1,365

**GOVERNMENT AUDITING STANDARDS SECTION**

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

**Independent Auditors Report**

To the Board of Commissioners  
Housing Authority of the Town of Yuma, 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 basic financial statements of the Housing Authority of the Town of Yuma, Colorado, as of and for the year ended December 31, 2016, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements, and have issued our report thereon dated April 4, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the Housing Authority of the Town of Yuma, 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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Yuma, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Yuma, Colorado's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonably possibility that a material misstatement of the entity's basic 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. We consider the deficiencies described in the accompanying schedule of findings and responses as Findings 2016-1 and 2016-2 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Yuma, Colorado's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the determination of basic 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*.

## **Response to Findings**

The Housing Authority of the Town of Yuma, Colorado's responses to the findings identified in our audit were described in the accompanying corrective action plan. The Housing Authority of the Town of Yuma, Colorado's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the responses.

## **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.

*Niewedde & Wiens, CPA's*

York, Nebraska  
April 4, 2017

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2016**

The audit report for the year ended December 31, 2015 contained one finding and no questioned costs.

**Finding 2015-1: Internal Controls** – This finding is repeated because the Authority is a small entity and it is not financially feasible to correct this finding.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**December 31, 2016**

**Finding 2016-1: Internal Control Structure**  
**Material Weakness**

**Criteria:** A properly designed internal control structure relies greatly on a proper segregation of duties between several individuals. The duties related to initiating, authorizing, recording, processing and reporting financial data would be segregated so there is less likelihood that a misstatement of the entity's financial statements would occur.

**Condition:** The Authority consists of one administrative employee and as a result does not have personnel assigned responsibilities in such a way that different employees handle different parts of the same transaction. The limited number of employees results in an inadequate overall internal control structure design.

**Cause:** The Authority has limited staff and does not have the resources to properly segregate duties.

**Effect or Potential Effect:** The lack of segregation of duties related to the controls over the categories above are significant deficiencies that could result in a material misstatement in the financial statements.

**Recommendation:** The Authority has limited resources and additional controls are not financially feasible in the hiring of additional staff. The Authority is a small entity and the lack of segregation of duties is common among entities with minimal employees and should be recognized as such. However, it is not our intent to establish internal controls as the Authority's Board should make the final determination in the cost versus benefit.

**Finding 2016-2: Ineffective Oversight over Financial Reporting/Application of Generally Accepted Accounting Principles**  
**Material Weakness**

**Criteria:** The Authority should have effective controls over the monitoring of the period-end financial reporting process and the application of generally accepted accounting principles.

**Condition:** The Authority is required to adjust the change in the Authority's proportion of the collective net pension liability since the prior measurement date, the net effect of that change on the Authority's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources related to pensions, determined as of the beginning of the measurement period should be recognized in the Authority's pension expense. The Authority did not record the change in the proportion in the amount of \$36,565 for the year ended December 31, 2016.

**Cause:** The Authority did not record the change in proportion in accordance with generally accepted accounting principles.

**Effect or Potential Effect:** The unadjusted financial statements were misstated as noted above. The accompanying financial statements have been adjusted accordingly.

**Recommendation:** We recommend the Authority evaluate the adequacy of its year-end financial review procedures over the financial reporting process to make certain that errors in applying generally accepted accounting principles are identified.

**YUMA HOUSING AUTHORITY/High Plains Manor  
V. H. VILLA TOWNHOMES**

**700 West 3<sup>rd</sup> Ave.  
Yuma, CO 80759**

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(970) 848-5611 (Fax)  
yumahousingauthority@gmail.com

**CORRECTIVE ACTION PLAN  
Year Ended December 31, 2016**

The following are responses to and the corrective action to be taken in regard to the findings as reported in the accompanying Schedule of Findings and Responses for the fiscal year ended December 31, 2016:

ITEM

- 2016-1** The Authority is a small entity and recognizes the lack of segregation of duties associated with the limited number of personnel. Due to our small size the cost of adding employees to implement these controls, the expected benefit would be a significant increase in the cost and at this time we feel the cost would exceed the benefit.
- 2016-2** We will review this comment with the fee accountant and in the future, we will ensure this adjustment is recorded in the future.

Contact Person: Stefanie Cheshire, Executive Director  
700 West 3<sup>rd</sup> Ave.  
Yuma, CO 80759  
970-848-5590