

**HOUSING AUTHORITY OF THE
TOWN OF CHEYENNE WELLS, COLORADO**

Financial Statements

For the Year Ended March 31, 2017



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HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Table of Contents
 Year Ended March 31, 2017

	<u>Page</u>
Independent Auditor's Report -----	1
Management Discussion and Analysis -----	a-g
<u>Basic Financial Statements</u>	
Statement of Net Position -----	2
Statement of Revenues, Expenses, and Changes in Net Position -----	3
Statement of Cash Flows -----	4-5
Notes to the Financial Statements -----	6-15
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule - Low Rent Program -----	16-17
Schedule of Authority's Proportionate Share of Net Pension Liability -----	18
Schedule of Contributions and Related Ratios - Last 3 Years -----	19
<u>Other Information</u>	
Financial Data Schedules	
Balance Sheet Data -----	20-21
Revenue and Expense Data -----	22-23

WINFREY, COUNTY & HAYS, PC

Certified Public Accountants

577 14th Street

Burlington, Colorado 80807

Telephone No. 719-346-7216

Fax No. 719-346-8499

Gerald D County, CPA

Jennifer M. Hays, CPA

Kristina L. Lowe, CPA

Sarah M. Bailey, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Housing Authority of the Town of Cheyenne Wells

Cheyenne Wells, Colorado 80810

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Authority of the Town of Cheyenne Wells, as of and for the year ended March 31, 2017, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Housing Authority of the Town of Cheyenne Wells, as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension information on pages a-g and 16-19 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 and HUD, 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. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Cheyenne Wells basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Wimsey, Courtney E. Hays, PC

October 11, 2017

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued

March 31, 2017

(Unaudited)

This section of the Housing Authority of the Town of Cheyenne Wells, Colorado's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2017. 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 financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2017 was \$194,838. The net position decreased by \$6,599, a decrease of 3.3% from the prior year.
- Revenues and contributions for the Authority were \$208,351 for the year ended March 31, 2017. This was an increase of \$21,428 or 11.5% over the prior year.
- Expenses for the Authority were \$215,345 for the year ended March 31, 2017. This was an increase of \$14,454 or 7.2% over the prior year.
- Rental revenue for the Authority was \$108,750 for the year ended March 31, 2017, an increase of \$516 or 0.5% over the prior year. HUD operating grants for the Authority was \$55,493 for the year ended March 31, 2017, an increase of \$678 or 1.2% over the prior year. Revenue reported from capital contributions for the year ended March 31, 2017 was \$31,740, an increase of \$17,647 or 125.2% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued

March 31, 2017

(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

The 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 and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). 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.

Notes to the 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 Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2017 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$194,838 at the close of the year ended March 31, 2017 down from \$201,437 in fiscal year 2016. The decrease in net position of \$6,599 was due to an increase in total liabilities, which was partially offset by an increase in total assets as noted below.

- Current and other assets include cash, investments, receivables, and prepaid expenses. Of the \$5,253 increase in this category, cash and investments increased \$4,898, receivables increased \$267, and prepaid expenses increased \$88.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
March 31, 2017
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

- Capital assets increased \$15,945 because current year capital asset additions exceeded current year depreciation expense. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Deferred outflows increased \$9,121 from FY 2016.
- Current liabilities increased \$8,841 mostly due to a \$7,688 increase in accounts payable. The Authority also had a \$570 increase in current portion of accrued compensated absences and a \$530 increase in tenant security deposits.
- Noncurrent liabilities increased \$28,726 due to an increase in net pension liability of \$28,684.
- Deferred inflows decreased \$649 from FY 2016.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 125,200	\$ 119,947	\$ 5,253	4.4%
Capital assets	<u>209,036</u>	<u>193,091</u>	<u>15,945</u>	8.3%
Total Assets	<u>334,236</u>	<u>313,038</u>	<u>21,198</u>	6.8%
Deferred Outflows	<u>31,576</u>	<u>22,455</u>	<u>9,121</u>	40.6%
TOTAL	<u>\$ 365,812</u>	<u>\$ 335,493</u>	<u>\$ 30,319</u>	9.0%
Current liabilities	\$ 26,961	\$ 18,120	\$ 8,841	48.8%
Noncurrent liabilities	<u>141,859</u>	<u>113,133</u>	<u>28,726</u>	25.4%
Total Liabilities	<u>168,820</u>	<u>131,253</u>	<u>37,567</u>	28.6%
Deferred Inflows	<u>2,154</u>	<u>2,803</u>	<u>(649)</u>	-23.2%
Net Position				
Net investment in capital assets	209,036	193,091	15,945	8.3%
Unrestricted	<u>(14,198)</u>	<u>8,346</u>	<u>(22,544)</u>	-270.1%
Total Net Position	<u>194,838</u>	<u>201,437</u>	<u>\$ (6,599)</u>	-3.3%
TOTAL	<u>\$ 365,812</u>	<u>\$ 335,493</u>	<u>\$ 30,319</u>	9.0%

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
March 31, 2017
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net position was \$(14,198) as of March 31, 2017. This amount may be used to meet the Authority's ongoing obligations. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used.

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

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

As can be seen in the table on the following page, total revenues and contributions increased \$21,428 due to the reasons noted below.

- Rental revenue increased \$516 or 0.5% from FY 2016.
 - HUD operating grants increased \$678 due to an increase in operating subsidy received from HUD.
 - Interest & investment earnings increased \$40 from FY 2016.
 - Capital contributions increased \$17,647 from FY 2016. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Capital contributions during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
 - The Authority had a loss on disposal of fixed assets of \$18 during FY 2017 and a loss on disposal of fixed assets of \$490 during FY 2016.
 - Other revenues increased \$2,075 or 20.7% mainly due to an increase in other tenant charges of \$2,193 or 24.7%.
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HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
March 31, 2017
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

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

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 108,750	\$ 108,234	\$ 516	0.5%
HUD operating grants	55,493	54,815	678	1.2%
Interest and investment earnings	289	249	40	16.1%
Capital contributions	31,740	14,093	17,647	125.2%
Gain (loss) on sale of fixed assets	(18)	(490)	472	96.3%
Other revenues	<u>12,097</u>	<u>10,022</u>	<u>2,075</u>	20.7%
Total Revenues & Contributions	<u>208,351</u>	<u>186,923</u>	<u>21,428</u>	11.5%
Expenses				
Administrative	87,599	87,293	306	0.4%
Tenant services	-	72	(72)	-100.0%
Utilities	28,989	33,810	(4,821)	-14.3%
Maintenance and operations	43,898	28,633	15,265	53.3%
Insurance	17,704	16,574	1,130	6.8%
Other general expenses	9,879	9,935	(56)	-0.6%
Depreciation	<u>27,276</u>	<u>24,574</u>	<u>2,702</u>	11.0%
Total Expenses	<u>215,345</u>	<u>200,891</u>	<u>14,454</u>	7.2%
Change in net position	<u>(6,994)</u>	<u>(13,968)</u>	<u>6,974</u>	
Beginning net position	201,437	296,330	(94,893)	
Prior period adjustments	395	(80,925)	81,320	
Beginning net position, adjusted	<u>201,832</u>	<u>215,405</u>	<u>(13,573)</u>	
Ending net position	<u>\$ 194,838</u>	<u>\$ 201,437</u>	<u>\$ (6,599)</u>	

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
March 31, 2017
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased \$14,454 due to the reasons noted below.

- Administrative expenses increased \$306 or 0.4% from FY 2016.
- Tenant services decreased \$72 from FY 2016.
- Utilities decreased \$4,821 or 14.3% from FY 2016 mostly due to a decrease in electricity of \$1,912 or 16.4% and a decrease in gas of \$4,290 or 29.9%. This was partially offset by a decrease in water of \$1,381 or 25.9%.
- Maintenance and operations increased \$15,265 or 53.3% mainly due to an increase in maintenance labor and benefits of \$10,376 or 341.9%. The Authority also had a \$2,755 increase in maintenance materials and a \$2,134 increase in contracted maintenance services.
- Insurance increased \$1,130 or 6.8% from FY 2016 primarily due to an increase in property and liability insurance of \$1,046 or 7.2%.
- Other general expenses decreased \$56 or 0.6% from FY 2016.
- The Authority had a \$2,702 or 11.0% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

The Public Housing occupancy rate for fiscal year ended March 31, 2017 was 94.3%, down slightly from 95.3% in FY 2016. The Authority currently has 10 one-bedroom units, 2 two-bedroom units, 10 three-bedroom units and 3 four-bedroom units.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued

March 31, 2017

(Unaudited)

CAPITAL ASSETS

Capital Assets - The Housing Authority of the Town of Cheyenne Wells, Colorado's investment in capital assets, net of related debt, as of March 31, 2017 amounts to \$209,036 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total increase in the Authority's capital assets for the current fiscal year was 8.3% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and contributions were \$43,339 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$27,276. The Authority has \$88 available in capital funds to draw down and spend in the future. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposal	Ending
Capital assets	\$193,091	\$43,339	\$(27,276)	\$(118)	\$209,036

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 2018 Public Housing 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 occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected 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 Sandra Roberts, Executive Director, Housing Authority of the Town of Cheyenne Wells, Colorado address.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Statement of Net Position
At March 31, 2017

ASSETS	Low Rent Capital Fund		
	<u>Program</u>	<u>Program</u>	<u>Total</u>
Current Assets			
Cash	58,653	0	58,653
Tenant Security Deposit Fund	6,680	0	6,680
Accounts Receivable - HUD	3,200	0	3,200
Tenant Accounts Receivable	470	0	470
Allowance for Doubtful Accounts	(235)	0	(235)
Certificates of Deposit	54,844	0	54,844
Accrued Interest	32	0	32
Prepaid expenses	<u>1,556</u>	<u>0</u>	<u>1,556</u>
Total Current Assets	125,199	0	125,199
Deferred Outflows of Resources	31,576	0	31,576
Fixed Assets			
Land	14,278	0	14,278
Buildings	1,235,809	25,173	1,260,982
Equipment - dwellings	35,987	0	35,987
Equipment - administration & maintenance	72,012	8,609	80,621
Leasehold improvements	<u>249,955</u>	<u>0</u>	<u>249,955</u>
Total Fixed Assets	1,608,040	33,782	1,641,822
Accumulated depreciation	<u>(1,430,974)</u>	<u>(1,812)</u>	<u>(1,432,786)</u>
Net Fixed Assets	<u>177,066</u>	<u>31,970</u>	<u>209,036</u>
 TOTAL ASSETS	 333,842	 31,970	 365,812
LIABILITIES			
Current Liabilities			
Accounts Payable	4,507	0	4,507
Wages/Payroll Taxes Payable	2,197	0	2,197
Accrued Compensated Absences - current	6,875	0	6,875
Unearned Revenue	13	0	13
Other Accrued Liabilities	6,688	0	6,688
Tenant Security Deposits	<u>6,680</u>	<u>0</u>	<u>6,680</u>
Total Current Liabilities	26,961	0	26,961
Non Current Liabilities			
Accrued Compensated Absences	559	0	559
Net Pension Liability	<u>141,300</u>	<u>0</u>	<u>141,300</u>
 TOTAL LIABILITIES	 168,820	 0	 168,820
Deferred Inflows of Resources	2,154	0	2,154
Net Position			
Invested in capital assets	177,066	31,970	209,036
Unrestricted	<u>(14,198)</u>	<u>0</u>	<u>(14,198)</u>
TOTAL NET POSITION	<u>162,868</u>	<u>31,970</u>	<u>194,838</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended March 31, 2017

	Low Rent Program	Capital Funding Program	Total
Operating Revenues			
Dwelling rental	108,750		108,750
Other income	<u>11,059</u>	<u>0</u>	<u>11,059</u>
Total Tenant Revenue	119,808	0	119,808
HUD PHA Operating Grants	35,493	20,000	55,493
Capital Funding	0	31,740	31,740
Investment Income - Unrestricted	289		289
Other Revenue	781		781
Gain (Loss) on fixed assets	<u>(18)</u>	<u>0</u>	<u>(18)</u>
Total Revenue	156,353	51,740	208,093
Operating Expenses			
Administrative	87,600		87,600
Utilities	28,988		28,988
Maintenance & Operations	43,896		43,896
Insurance	17,704		17,704
General	9,622		9,622
Unallocated Depreciation	<u>25,464</u>	<u>1,812</u>	<u>27,276</u>
Total Expenses	<u>213,274</u>	<u>1,812</u>	<u>215,087</u>
Operating Income (Loss)	(56,921)	49,927	(6,994)
Transfers	<u>31,303</u>	<u>(31,303)</u>	<u>0</u>
Change in Net Position	(25,618)	18,624	(6,994)
Net Position - Beginning	188,091	13,346	201,437
Prior Year Adjustment	<u>395</u>	<u>0</u>	<u>395</u>
Net Position - Ending	<u>162,868</u>	<u>31,970</u>	<u>194,838</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Statement of Cash Flows
Year Ended March 31, 2017

	Low Rent Capital Fund		
	<u>Program</u>	<u>Program</u>	<u>Total</u>
Cash Flows From Operating Activities			
Rental receipts	108,604		108,604
Excess utilities	2,588		2,588
Interest income	288		288
Operating subsidy	35,146	20,000	55,146
Capital Funding	0	31,740	31,740
Operating transfers	20,000	(20,000)	0
Other income	<u>9,252</u>	<u>0</u>	<u>9,252</u>
Total Receipts	175,878	31,740	207,618
Administrative	(13,328)		(13,328)
Utilities	(27,559)		(27,559)
Salaries	(63,510)		(63,510)
Benefits	(11,955)		(11,955)
Maintenance & operating	(26,991)		(26,991)
Insurance	(17,060)		(17,060)
General	<u>492</u>	<u>0</u>	<u>492</u>
Total Expenditures	<u>(159,911)</u>	<u>0</u>	<u>(159,911)</u>
Cash Provided (Used) by Operating Activities	15,967	31,740	47,707
Cash Flows From Capital and Related Financing Activities			
Purchase of fixed assets	(11,600)	(31,740)	(43,340)
Cash Flows From Investing Activities			
(Increase) decrease in certificates of deposit	<u>(229)</u>	<u>0</u>	<u>(229)</u>
Increase (Decrease) in cash	4,138	(0)	4,138
Cash Balance - Beginning of Year	<u>54,515</u>	<u>0</u>	<u>54,515</u>
Cash Balance - End of Year	<u>58,653</u>	<u>(0)</u>	<u>58,653</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO

Statement of Cash Flows

Year Ended March 31, 2017

(continued)

	Low Rent <u>Program</u>	Capital Fund <u>Program</u>	Total <u>Memo Only</u>
Cash Flows From Operating Activities			
Increase (Decrease) in Net Position	(25,618)	18,624	(6,994)
Adjustments to reconcile increase in net position to net cash provided by operating activities			
Depreciation	25,464	1,812	27,276
Gain (Loss) on assets	118	0	118
Non cash benefit expense	22,174	0	22,174
Equity transfers	(11,303)	11,303	0
Decrease (increase) in A/R - HUD	(347)	0	(347)
Decrease (increase) in accounts receivable	(155)	0	(155)
(Decrease) increase in allowance for doubtful accounts	235	0	235
Decrease (increase) in accrued interest	(1)	0	(1)
Decrease (increase) in prepaid expenses	(88)	0	(88)
(Decrease) increase in accounts payable	4,831	0	4,831
(Decrease) increase in accrued liabilities	648	0	648
(Decrease) increase in deferred revenue	<u>9</u>	<u>0</u>	<u>9</u>
Net Cash Provided by Operations	<u>15,967</u>	<u>31,740</u>	<u>47,707</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2017

(1) Summary of Significant Accounting Policies:

The financial statements of the Housing Authority of the Town of Cheyenne Wells, Colorado have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The following is a summary of the more significant policies:

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles as applicable to government entities. The more significant of the Authority's accounting policies are described below.

- A. Reporting Entity - The Housing Authority is considered to be a primary government because it is legally separate and is fiscally independent from any other entity. The Authority is governed by a board of 5 members who are nominated by existing members and then approved by the Council of the Town of Cheyenne Wells. That council does not impose its will upon the board of the Authority.

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 consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

The HUD Project Number is CO-026001.

B. Basis of Presentation

The Authority operates as a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary management accountability.

The government considers all revenues available if they are collected within 60 days after year end. Expenses are recorded when the related fund liability is incurred.

C. Assets, Liabilities and Equity

1. Deposits

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Fixed Assets

Property, plant and equipment are recorded at cost. Assets donated to these fund types are recorded at their fair value at the date of donation.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2017
(continued)

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-10
Buildings	10-40

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

3. Compensated Absences

All permanent employees earn sick leave at the rate of one day per each calendar month worked. Sick leave may be accumulated up to 180 hours for half-time employees and 360 hours for full time employees. At retirement or termination, the employee shall be paid an amount equal to fifty percent (50%) of their accumulated sick leave.

4. Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents.

5. Unrestricted Net Assets - none of the Authority's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under SFAS No. 117.

6. Current Vulnerability Due to Certain Concentrations

The Authority's only assets are apartments. The Authority's operations are concentrated in the multifamily real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

7. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
8. The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
9. Allowance for uncollectible accounts is used when tenants are more than 90 days old and management is uncertain of collectability.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary integration is employed as a management control device during the year. There is no requirement, however, that the budget be legally adopted.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2017
(continued)

- B. Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Authority.
- C. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits - all are in a single financial institution. Deposits are displayed on the balance sheets as "Cash" and "Certificate of Deposit" and are carried at cost.

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

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At March 31, 2017, the Authority's cash deposits were all covered by FDIC.

Custodial Credit Risk - the risk that, in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a written deposit policy for custodial credit risk.

- B. Changes in General Fixed Assets - a summary of changes in the general fixed assets follows:

	Beginning			Ending Accumulated		Net Fixed
	Balance	Additions	Deletions	Balance	Depreciation	
Land	14,278	0	0	14,278	0	14,278
Leasehold improvements	249,351	603	0	249,955	214,918	35,037
Building	1,229,936	31,046	0	1,260,982	1,130,747	130,235
Equip - dwellings	33,159	3,053	225	35,987	17,076	18,911
Equip - admin	11,484	1,721	734	12,471	10,037	2,434
Equip - maint	48,710	7,312	0	56,021	47,909	8,112
Equip - community	5,324	0	4,595	729	700	29
Vehicles	<u>11,400</u>	<u>0</u>	<u>0</u>	<u>11,400</u>	<u>11,400</u>	<u>0</u>
Total	1,603,642	43,735	5,554	1,641,822	1,432,786	209,036

(4) OTHER INFORMATION

- A. Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2017
(continued)

B. Subsequent events have been evaluated through June 1, 2017.

(5). DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions - The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, 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 and the accrual basis 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 – The Local Government Trust Fund (LGDTF) is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is administered by the Colorado Public Employee's Retirement Association (PERA). PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

The lifetime retirement benefit for all eligible employees under the PERA Benefit Structure is the greater of the:
Highest average salary multiplied by 2.5 percent and then multiplied 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 the 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 (COLAs), referred to as annual increased 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.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS
Notes to the Financial Statements
March 31, 2017
(continued)

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

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

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

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$8,317 for the year ended March 31, 2017.

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

At March 31, 2017, the Authority reported a liability of \$141,300 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Authority proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At March 31, 2017, the Authority's portion was 0.010464310 percent, which was an increase of 0.0002720993 percent from its proportion measured as of March 31, 2016.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS
Notes to the Financial Statements
March 31, 2017
(continued)

For the year ended December 31, 2016, the Authority recognized pension expense of \$22,174. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	1,672	0
Changes of assumptions or other inputs	10,023	1,086
Net difference between projected and actual earnings on pension plan investments	16,970	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	952	2,154
Contributions subsequent to the measurement date	1,960	N/A
Total	31,576	2,154

\$1960 was reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred inflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31, 2017	
March 31, 2018	1,290
March 31, 2019	160
March 31, 2020	-0-
March 31, 2021	-0-
March 31, 2022	-0-
Thereafter	-0-

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS
Notes to the Financial Statements
March 31, 2017
(continued)

Actuarial assumptions – Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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
Discount rate	7.50 percent
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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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 actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA’s Board on November 18, 2016 to more closely reflect PERA’s actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS
Notes to the Financial Statements
March 31, 2017
(continued)

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 October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumption changed, effective December 31, 2016 as follows:

Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expense to 7.25 percent per year, compounded annually, net of investment expense.

Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

Real rate of investment return assumption increased from 4.70 percent per year, net of investment expense, to 4.85 percent per year, net of investment expenses.

Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluation the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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 November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income-Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS
Notes to the Financial Statements
March 31, 2017
(continued)

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

Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%

Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service cost for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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

Benefit payments and contributions were assumed to be made at the end of the month.

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

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent.

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

Discount Rate	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	208,341	141,300	85,783

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS
Notes to the Financial Statements
March 31, 2017
(continued)

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

Other Post-Employment Benefits.

Health Care Trust Fund

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

Funding Policy - The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51 Part 4 of the C.R.S, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the year ended March 31, 2017, March 31, 2016, and March 31, 2015 were \$669, \$590 and \$140, equal to their required contributions for each year.

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REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO

Other Information
 Budgetary Comparison Schedule
 Low Rent Program
 Year Ended March 31, 2017

	<u>Budget (Non-GAAP)</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable- (Unfavorable)</u>
Revenues				
Dwelling Rental	93,560	93,560	108,750	15,190
Excess Utilities	2,580	2,580	2,588	8
Interest Income	230	230	289	59
Laundry	500	500	423	(77)
Other Income	9,250	9,250	8,829	(421)
Gain (Loss) on Fixed Assets	0	0	(18)	(18)
Current Year Operating Subsidy	<u>38,280</u>	<u>38,280</u>	<u>35,493</u>	<u>(2,787)</u>
Total Revenues	144,400	144,400	156,353	11,953
Expenses				
Administrative				
Salaries	55,030	55,030	45,872	9,158
Benefits	11,510	11,510	29,134	(17,624)
Training & Travel	1,750	1,750	11	1,739
Accounting	2,950	2,950	2,461	489
Auditing	3,250	3,250	3,454	(204)
Sundry	1,800	1,800	1,955	(155)
Advertising & Marketing	450	450	85	365
Office Expenses	2,750	2,750	2,344	406
Telephone	2,000	2,000	2,113	(113)
Membership Dues	100	100	0	100
Services Contract	<u>0</u>	<u>0</u>	<u>172</u>	<u>(172)</u>
Total Administrative Expenses	81,590	81,590	87,600	(6,010)
Tenant Services	100	100	0	100
Utilities				
Water	2,750	2,750	6,712	(3,962)
Electricity	12,500	12,500	9,745	2,755
Gas & Heat	15,000	15,000	10,057	4,944
Other Utilities	<u>3,450</u>	<u>3,450</u>	<u>2,475</u>	<u>975</u>
Total Utilities	33,700	33,700	28,988	4,712

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO

Other Information
 Budgetary Comparison Schedule
 Low Rent Program
 Year Ended March 31, 2017
 (continued)

	<u>Budget (Non-GAAP)</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable- (Unfavorable)
Maintenance & Operations				
Labor	0	0	8,408	(8,408)
Benefits	490	490	5,002	(4,512)
Materials	8,000	8,000	9,020	(1,020)
Contract Costs	34,500	34,500	19,321	15,179
Garbage & Trash Removal	<u>3,000</u>	<u>3,000</u>	<u>2,145</u>	<u>855</u>
Total Maintenance & Operations	45,990	45,990	43,896	2,094
General Expenses				
Insurance	17,400	17,400	17,704	(304)
Employee Benefits	0	0	9,879	(9,879)
Collection Losses	<u>800</u>	<u>800</u>	<u>(257)</u>	<u>1,057</u>
Total General Expenses	<u>18,200</u>	<u>18,200</u>	<u>27,326</u>	<u>(9,126)</u>
Total Expenses Prior to Depreciation	<u>179,580</u>	<u>179,580</u>	<u>187,811</u>	<u>(8,231)</u>
Depreciation			<u>25,464</u>	
Total Expenditures			<u>213,274</u>	
Revenues over (under) Expenditures			(56,921)	
Equity Transfers			31,303	
Net Position - Beginning			188,091	
Prior Year Adjustment			<u>395</u>	
Net Position - Ending			<u>162,868</u>	

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Cheyenne Wells, Colorado
 Schedule of Authority's Proportionate Share of the Net Pension Liability
 Last 10 Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion (percentage) of the collective net pension liability	0.0104640310%	0.0101919317%	0.0100421574%
Proportionate share of the collective net pension liability	141,300	112,272	90,008.76
Covered payroll	63,885	57,882	4,585.58
Proportionate share of the net pension liability as a percentage of its covered employee payroll	221.18%	193.97%	1962.87%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	76.90%	80.70%

The amounts presented for each year were determined as of December 31.

The Authority became a member of PERA as of December 1, 2014

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Cheyenne Wells, Colorado
 Schedule of Contributions and Related Ratios
 Last 10 Fiscal Years

As of March 31	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	8,317	7,339	2,326
Contributions in relation to the statutorily required contribution	<u>8,317</u>	<u>7,339</u>	<u>2,326</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	65,591	57,882	18,342
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%

The Authority became a member of PERA as of December 1, 2014

OTHER INFORMATION

FINANCIAL DATA SCHEDULES

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Financial Data Schedule - Balance Sheet Data
Year Ended March 31, 2017

	<u>Low</u> <u>Rent</u>	<u>Capital</u> <u>Funding</u>	<u>Total</u>
ASSETS			
Current Assets			
111	58,653	0	58,653
114	<u>6,680</u>	<u>0</u>	<u>6,680</u>
100	65,333	0	65,333
Receivables			
122	3,200		3,200
126	470		470
126.1	(235)		(235)
129	<u>32</u>	<u>0</u>	<u>32</u>
120	3,467	0	3,467
131	54,844		54,844
142	<u>1,556</u>	<u>0</u>	<u>1,556</u>
150	125,199	0	125,199
DEFERRED OUTFLOWS OF RESOURCES			
	31,576	0	31,576
Noncurrent Assets			
161	14,278		14,278
162	1,235,809	25,173	1,260,982
163	35,987	0	35,987
164	72,012	8,609	80,621
165	249,955	0	249,955
166	<u>(1,430,974)</u>	<u>(1,812)</u>	<u>(1,432,786)</u>
160	<u>177,066</u>	<u>31,970</u>	<u>209,036</u>
190	<u>333,842</u>	<u>31,970</u>	<u>365,812</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Financial Data Schedule - Balance Sheet Data
 Year Ended March 31, 2017
 (continued)

	<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS AND EQUITY			
Current Liabilities			
312	Accounts Payable	4,507	4,507
321	Accrued Wages/Payroll Taxes	2,197	2,197
322	Accrued Compensated Absences	6,875	6,875
341	Tenant Security Deposits	6,680	6,680
342	Deferred Revenue	13	13
346	Accrued Liabilities - Other	<u>6,688</u>	<u>6,688</u>
310	Total Current Liabilities	26,961	26,961
Non Current Liabilities			
354	Accrued Compensated Absences	559	559
	Net Pension Liability	<u>141,300</u>	<u>141,300</u>
300	TOTAL LIABILITIES	168,820	168,820
	DEFERRED INFLOWS OF RESOURCES	2,154	2,154
Equity			
508.4	Invested In Capital Assets	177,066	209,036
512.4	Unrestricted Net Assets	<u>(14,198)</u>	<u>(14,198)</u>
513	Total Net Assets	<u>162,868</u>	<u>194,838</u>
600	TOTAL LIABILITIES AND NET ASSETS	<u>333,842</u>	<u>365,812</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Financial Data Schedule - Revenues and Expenses
 Year Ended March 31, 2017

		<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
REVENUES				
70300	Net Tenant Rental Revenue	108,750		108,750
70400	Tenant Revenue - Other	<u>11,059</u>		<u>11,059</u>
70500	Total Tenant Revenue	119,808	0	119,808
70600	HUD PHA Operating Grants	35,493	20,000	55,493
70610	HUD Capital Funding	0	31,740	31,740
71100	Investment Income - Unrestricted	289		289
71500	Other Revenue	781		781
71600	Gain (Loss) on Fixed Assets	<u>(18)</u>	<u>0</u>	<u>(18)</u>
70000	TOTAL REVENUE	156,353	51,740	208,093
EXPENSES				
Administrative				
91100	Salaries	45,872		45,872
91200	Auditing Costs	3,454		3,454
91400	Advertising & Marketing	85		85
91500	Employee Benefits	29,134		29,134
91600	Office Expenses	4,550		4,550
91700	Legal	80		80
91800	Travel	11		11
91900	Other	4,416		4,416
92400	Tenant Services	0		0
Utilities				
93100	Water	6,712		6,712
93200	Electricity	9,745		9,745
93300	Gas	10,057		10,057
93600	Sewer	2,475		2,475
Ordinary Maintenance & Operations				
94100	Labor	8,408		8,408
94200	Materials & Other	9,020		9,020
94300-010	Garbage & Trash Removal	2,145		2,145
94300-030	Landscape & Grounds Contract	8,171		8,171
94300-050	Unit Turnaround	569		569
94300-060	Snow Removal	1,109		1,109

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Financial Data Schedule - Revenues and Expenses
 Year Ended March 31, 2017
 (continued)

	<u>Low</u> <u>Rent</u>	<u>Capital</u> <u>Funding</u>	<u>Total</u>
94300-080 Plumbing Contracts	850		850
94300-090 Exterminating Contracts	2,275		2,275
94300-100 Janitorial Contracts	2,147		2,147
94300-120 Miscellaneous Contracts	4,201		4,201
94500 Employee Benefits	5,002		5,002
General Expenses			
96110 Property Insurance	13,460		13,460
96120 Liability Insurance	2,149		2,149
96130 Worker's Compensation	1,770		1,770
96140 Other Insurance	325		325
96210 Compensated Absences	9,879		9,879
96400 Bad Debts	<u>(257)</u>	<u>0</u>	<u>(257)</u>
96900 Total Operating Expenses	<u>187,811</u>	<u>0</u>	<u>187,811</u>
97000 Excess Operating Revenue Over Operating Expenses	(31,458)	51,740	20,282
97400 Depreciation Expense	<u>25,464</u>	<u>1,812</u>	<u>27,276</u>
90000 Total Expenses	<u>213,274</u>	<u>1,812</u>	<u>215,087</u>
10000 Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(56,921)	49,927	(6,994)
11030 Beginning Equity	188,091	13,346	201,437
11040 Equity & Operating Transfer	31,303	(31,303)	0
Prior Year Adjustment	<u>395</u>	<u>0</u>	<u>395</u>
Ending Equity	<u>162,868</u>	<u>31,970</u>	<u>194,838</u>