

ESTES PARK HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS

December 31, 2017

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April 4, 2018

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JOHN CUTLER & ASSOCIATES

Board of Commissioners
Estes Park Housing Authority
Estes Park, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Estes Park Housing Authority, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Estes Park Housing Authority, as of December 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of the authority's proportionate share, and schedule of the authority's contributions on pages 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Luthr & Associates, LLC

April 3, 2018

BASIC FINANCIAL STATEMENTS

ESTES PARK HOUSING AUTHORITY

STATEMENT OF NET POSITION

December 31, 2017

	MANAGEMENT FUND	CLEAVE STREET	THE PINES	PEAK VIEW	LONE TREE
ASSETS					
CURRENT ASSETS					
Cash	\$ 1,778,553	\$ 85,532	\$ 129,706	\$ 15,707	\$ 54,161
Accounts Receivable	186,568	-	70,211	4	6,229
TOTAL CURRENT ASSETS	<u>1,965,121</u>	<u>85,532</u>	<u>199,917</u>	<u>15,711</u>	<u>60,390</u>
NON-CURRENT ASSETS					
Restricted Cash - Tenant Security Deposits	-	7,107	16,857	5,508	40,711
Advance to Other Funds	423,473	-	-	-	-
Notes Receivable	1,010,880	-	-	-	-
Accrued Interest Receivable	2,163,954	-	-	-	-
Loan Fees, Net of Amortization	-	1,612	1,198	-	-
Capital Assets, Not Being Depreciated	-	75,000	250,000	573,417	435,600
Capital Assets, Being Depreciated	-	248,245	770,608	210,205	2,564,909
TOTAL NON-CURRENT ASSETS	<u>3,598,307</u>	<u>331,964</u>	<u>1,038,663</u>	<u>789,130</u>	<u>3,041,220</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pensions	187,418	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,750,846</u>	<u>\$ 417,496</u>	<u>\$ 1,238,580</u>	<u>\$ 804,841</u>	<u>\$ 3,101,610</u>
CURRENT LIABILITIES					
Accounts Payable	\$ 1,456	\$ 1,196	\$ 1,156	\$ 241	\$ 19,405
Accrued Expenses	25,810	-	-	-	1,887
Unearned Revenue	-	1,658	1,835	-	6,904
Notes Payable - Current Portion	-	-	-	-	-
Mortgage Payable - Current Portion	-	15,357	-	7,402	39,503
TOTAL CURRENT LIABILITIES	<u>27,266</u>	<u>18,211</u>	<u>2,991</u>	<u>7,643</u>	<u>67,699</u>
LONG-TERM LIABILITIES					
Tenant Security Deposits	-	5,989	12,424	4,408	41,257
Advance from Other Funds	-	-	-	423,473	-
Net Pension Liability	603,902	-	-	-	-
Notes Payable	-	-	-	-	500,000
Mortgage Payable	-	37,906	-	368,505	1,854,823
TOTAL LONG-TERM LIABILITIES	<u>603,902</u>	<u>43,895</u>	<u>12,424</u>	<u>796,386</u>	<u>2,396,080</u>
TOTAL LIABILITIES	<u>631,168</u>	<u>62,106</u>	<u>15,415</u>	<u>804,029</u>	<u>2,463,779</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Pensions	1,745	-	-	-	-
NET POSITION					
Net Investment in Capital Assets	-	269,982	1,020,608	407,715	606,183
Unrestricted	5,117,933	85,408	202,557	(406,903)	31,648
TOTAL NET POSITION	<u>5,117,933</u>	<u>355,390</u>	<u>1,223,165</u>	<u>812</u>	<u>637,831</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,750,846</u>	<u>\$ 417,496</u>	<u>\$ 1,238,580</u>	<u>\$ 804,841</u>	<u>\$ 3,101,610</u>

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

TOTALS

2017	2016
\$ 2,063,659	\$ 2,242,816
263,012	671,194
2,326,671	2,914,010
70,183	29,458
423,473	403,473
1,010,880	1,006,941
2,163,954	1,931,476
2,810	2,997
1,334,017	898,417
3,793,967	1,304,498
8,799,284	5,577,260
187,418	142,999
\$ 11,313,373	\$ 8,634,269
\$ 23,454	\$ 26,144
27,697	27,950
10,397	-
-	10,000
62,262	21,543
123,810	85,637
64,078	21,909
423,473	403,473
603,902	459,293
500,000	-
2,261,234	429,172
3,852,687	1,313,847
3,976,497	1,399,484
1,745	8,428
2,304,488	1,752,200
5,030,643	5,474,157
7,335,131	7,226,357
\$ 11,313,373	\$ 8,634,269

ESTES PARK HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2017

	MANAGEMENT FUND	CLEAVE STREET	THE PINES	PEAK VIEW	LONE TREE
OPERATING REVENUES					
Rental	\$ -	\$ 75,933	\$ 162,392	\$ 47,445	\$ 138,343
Developer Fees	-	-	-	-	-
Other	336,832	4,872	2,188	25	3,502
TOTAL OPERATING REVENUES	336,832	80,805	164,580	47,470	141,845
OPERATING EXPENSES					
General and Administrative	314,744	26,788	107,436	1,604	34,196
Utilities	-	11,780	2,314	6,916	20,196
Maintenance and Operations	196,577	16,474	27,666	17,074	39,687
Amortization	-	122	65	-	-
Depreciation	-	20,743	48,928	5,769	16,132
TOTAL OPERATING EXPENSES	511,321	75,907	186,409	31,363	110,211
INCOME (LOSS) FROM OPERATIONS	(174,489)	4,898	(21,829)	16,107	31,634
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	52,438	34	82	-	-
Grants and Donations	236,126	-	-	-	-
Grant Expense	(6,943)	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Interest Expense	-	(3,860)	-	(14,980)	(10,444)
NET NON-OPERATING REVENUES (EXPENSES)	281,621	(3,826)	82	(14,980)	(10,444)
INCOME (LOSS) BEFORE TRANSFERS	107,132	1,072	(21,747)	1,127	21,190
TRANSFERS					
Transfers In	-	-	-	-	616,641
Transfers Out	(616,641)	-	-	-	-
TOTAL TRANSFERS	(616,641)	-	-	-	616,641
CHANGE IN NET POSITION	(509,509)	1,072	(21,747)	1,127	637,831
NET POSITION, Beginning	5,627,442	354,318	1,244,912	(315)	-
NET POSITION, Ending	\$ 5,117,933	\$ 355,390	\$ 1,223,165	\$ 812	\$ 637,831

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

TOTALS

2017	2016
\$ 424,113	\$ 272,598
-	195,000
347,419	385,664
771,532	853,262
484,768	421,182
41,206	16,730
297,478	192,470
187	187
91,572	74,402
915,211	704,971
(143,679)	148,291
52,554	218,350
236,126	99,712
(6,943)	(426,182)
-	(34)
(29,284)	(17,958)
252,453	(126,112)
108,774	22,179
616,641	-
(616,641)	-
-	-
108,774	22,179
7,226,357	7,204,178
\$ 7,335,131	\$ 7,226,357

ESTES PARK HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash
Year Ended December 31, 2017

	MANAGEMENT FUND	CLEAVE STREET	THE PINES	PEAK VIEW	LONE TREE
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Tenants and Others	\$ 818,954	\$ 83,126	\$ 97,751	\$ 48,672	\$ 183,777
Cash Payments to Suppliers	(441,668)	(55,155)	(139,338)	(33,940)	(72,787)
Net Cash Provided (Used) by Operating Activities	<u>377,286</u>	<u>27,971</u>	<u>(41,587)</u>	<u>14,732</u>	<u>110,990</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Property and Equipment	-	-	-	-	(3,016,641)
Sale of Property and Equipment	-	-	-	-	-
Payments from Other Funds	-	-	-	20,000	616,641
Payments to Other Funds	(636,641)	-	-	-	-
Cash Received (Loaned) on Notes Receivable	(3,939)	-	-	-	-
Cash Received from Issuance of Debt	-	-	-	-	2,400,000
Principal Payments on Notes and Mortgages	-	(14,431)	-	(7,114)	(5,674)
Interest Payments on Notes and Mortgages	-	(3,860)	-	(14,980)	(10,444)
Net Cash Used by Capital and Related Financing Activities	<u>(640,580)</u>	<u>(18,291)</u>	<u>-</u>	<u>(2,094)</u>	<u>(16,118)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Grants and Donations	<u>229,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	<u>(180,040)</u>	<u>34</u>	<u>82</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(214,151)	9,714	(41,505)	12,638	94,872
CASH, Beginning	<u>1,992,704</u>	<u>82,925</u>	<u>188,068</u>	<u>8,577</u>	<u>-</u>
CASH, Ending	<u>\$ 1,778,553</u>	<u>\$ 92,639</u>	<u>\$ 146,563</u>	<u>\$ 21,215</u>	<u>\$ 94,872</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Income (Loss) from Operations	(174,489)	4,898	(21,829)	16,107	31,634
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization	-	20,865	48,993	5,769	16,132
Write Off of Note Payable	(10,000)	-	-	-	-
Changes in Assets and Liabilities					
Accounts Receivable	482,122	1,264	(68,971)	(4)	(6,229)
Deposits	-	-	-	-	-
Deferred Outflows/Inflows Related to Pensions	(51,102)	-	-	-	-
Change in Net Pension Liability	144,609	-	-	-	-
Accounts Payable	(12,429)	(113)	(1,922)	(7,631)	19,405
Accrued Expenses	(1,425)	-	-	(715)	1,887
Unearned Revenue	-	1,658	1,835	-	6,904
Tenant Security Deposits	-	(601)	307	1,206	41,257
Net Cash Provided (Used) by Operating Activities	<u>\$ 377,286</u>	<u>\$ 27,971</u>	<u>\$ (41,587)</u>	<u>\$ 14,732</u>	<u>\$ 110,990</u>
NON-CASH TRANSACTIONS					
Loan Forgiveness	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOTALS	
2017	2016
\$ 1,232,280	\$ 642,275
<u>(742,888)</u>	<u>(615,650)</u>
489,392	26,625
(3,016,641)	(794,122)
-	(32)
636,641	403,473
(636,641)	(403,473)
(3,939)	7,827
2,400,000	-
(27,219)	324,332
<u>(29,284)</u>	<u>(17,958)</u>
<u>(677,083)</u>	<u>(479,953)</u>
229,183	99,712
<u>(179,924)</u>	<u>3,092</u>
(138,432)	(350,524)
<u>2,272,274</u>	<u>2,622,798</u>
<u>\$ 2,133,842</u>	<u>\$ 2,272,274</u>
(143,679)	148,291
91,759	74,589
(10,000)	(10,000)
408,182	(216,353)
-	10,000
(51,102)	(79,475)
144,609	103,946
(2,690)	(16,754)
(253)	7,015
10,397	-
<u>42,169</u>	<u>5,366</u>
<u>\$ 489,392</u>	<u>\$ 26,625</u>
<u>\$ 10,000</u>	<u>\$ 10,000</u>

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

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Estes Park Housing Authority (the “Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s policies are described below.

Reporting Entity

The financial reporting entity consists of the Authority and organizations for which the Authority is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. In addition, any legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Authority.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority uses funds to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. All of the Authority’s funds are classified as enterprise fund types. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Major individual funds are reported as separate columns in the financial statements.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and the unrestricted resources as they are needed.

The Authority reports the following major proprietary funds:

Management Fund – This fund accounts for the financial activities associated with the Authority's general operations.

Cleave Street Fund– This fund is used to account for the financial activities associated with the Cleave Street Apartments.

The Pines Fund– This fund is used to account for the financial activities associated with The Pines Apartments.

The Peak View Fund– This fund is used to account for the financial activities associated with The Peak View Apartments.

The Lone Tree Fund– This fund is used to account for the financial activities associated with The Lone Tree Village Apartments.

Assets, Liabilities and Fund Balance/Net Position

Cash and Investments – Cash and cash equivalents include amounts in deposit accounts and short-term investments with an original maturity of three months or less. Investments are recorded at fair value.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Receivables – Receivables are expensed as bad debts at the time they are determined to be uncollectible.

Capital Assets – The Authority capitalizes all assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest is capitalized during the construction phase.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements, 27.5 years; equipment, 5 - 15 years.

Deferred Outflows – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Net Position– Net Position is restricted when constraints placed on the net assets are externally imposed.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority purchases commercial insurance for these risks of loss. No claims have exceeded insurance coverage for the last three years.

ESTES PARK HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Comparative Data

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

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgetary Information

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

NOTE 3: CASH AND INVESTMENTS

Cash and Investments reported in the December 31, 2017 financial statements consisted of the following:

Cash	\$ 2,063,659
Tenant Security Deposits	<u>70,183</u>
Total	<u>\$ 2,133,842</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the Authority are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Authority has no policy regarding custodial credit risk for deposits.

At December 31, 2017, the Authority had deposits with financial institutions with a carrying amount of \$2,133,842. The bank balances with the financial institutions were \$2,144,728. Of these balances, \$250,000 was covered by federal depository insurance and \$1,894,728 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Certain money market funds
- Guaranteed investment contracts

The Authority did not have any investments requiring categorization of credit risk as of December 31, 2017 and had no policy for managing credit risk.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 4: INTERFUND ACTIVITY

Interfund activity as of and for the year ended December 31, 2017 consisted of the following:

The Management Fund transferred \$616,641 to the Lone Tree Fund to assist with the purchase of the Lone Tree Village Apartments.

The Management Fund has advanced funds in the amount of \$423,473 to the Peak View Fund for the purchase and operation of the Peak View Apartments. These funds are expected to be repaid to the Management Fund from future cash flow available from the Peak View Apartments.

NOTE 5: NOTES RECEIVABLE

At December 31, 2017, notes receivable consisted of the following:

Dry Gulch, LLLP – Talons Pointe	\$ 974,500
Down Payment Assistance	<u>36,380</u>
Total	<u>\$ 1,010,880</u>

Talons Pointe

During 2002, the Authority approved three loans totaling \$974,500 to Dry Gulch, LLLP to finance the development and construction of the Talons Pointe housing project. Interest accrued on the loans at 8% annually. If not paid sooner, principal and interest are due on August 1, 2032.

Down Payment Assistance

The Authority, through the down payment assistance program, has made several loans to individual homeowners since 2010. These notes carry an interest rate of 2% and are payable in 10 years. Monthly principal and interest payments ranging from \$53 to \$97 are due to the Authority through February 2026.

As of December 2017, the balance of the loans made through the down payment assistance program was \$36,380.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 6: CAPITAL ASSETS

Capital Assets activity for the year ended December 31, 2017, is summarized below.

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Capital assets, Not Being Depreciated				
Land	\$ 898,417	\$ 435,600	\$ -	\$ 1,334,017
Capital Assets, Being Depreciated				
Buildings	2,123,249	2,581,041	-	4,704,290
Equipment	<u>7,643</u>	<u>-</u>	<u>-</u>	<u>7,643</u>
Total Capital Assets, Being Depreciated	<u>2,130,892</u>	<u>2,581,041</u>	<u>-</u>	<u>4,711,933</u>
Accumulated Depreciation				
Buildings	818,751	91,572	-	910,323
Equipment	<u>7,643</u>	<u>-</u>	<u>-</u>	<u>7,643</u>
Total Accumulated Depreciation	<u>826,394</u>	<u>91,572</u>	<u>-</u>	<u>917,966</u>
Total Capital Assets, Being Depreciated, Net	<u>1,304,498</u>	<u>2,489,469</u>	<u>-</u>	<u>3,793,967</u>
Net Capital Assets	<u>\$ 2,202,915</u>	<u>\$ 2,925,069</u>	<u>\$ -</u>	<u>\$ 5,127,984</u>

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: LONG-TERM DEBT

Following is a summary of the Authority's long-term debt transactions for the year ended December 31, 2017:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due In</u> <u>One Year</u>
Management Fund					
Note Payable – FHLB	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -
Cleave Street					
Mortgage Payable	67,694	-	14,431	53,263	15,357
Peak View Apartments					
Mortgage – Bank of Colorado	383,021	-	7,114	375,907	7,402
Lone Tree Apartments					
Note Payable – LHDC	-	500,000	-	500,000	-
Mortgage – Bank of Colorado	-	<u>1,900,000</u>	<u>5,674</u>	<u>1,894,326</u>	<u>39,503</u>
Total	<u>\$ 460,715</u>	<u>\$ 2,400,000</u>	<u>\$ 37,219</u>	<u>\$ 2,823,496</u>	<u>\$ 62,262</u>

Management Fund

Note Payable – Federal Home Loan Bank (FHLB). This Federal Home Loan Bank Affordable Housing Program loan was obtained to provide financing for the Talons Point project. No interest accrues on the note. One fifteenth of the note principal is forgiven each year, and the note was fully forgiven in 2017.

Cleave Street

Mortgage Payable – The Authority has obtained a mortgage loan to finance the Cleave Street project. Monthly payments in the amount of \$1,524, including principal and interest, are required to be paid. The loan accrues interest at 6.25% and matures in March 2021.

Note Payable – Colorado Housing and Finance Authority. The Authority obtained a loan for \$60,000 to rehabilitate the Cleave Street Apartments. Monthly payments in the amount of \$253, including principal and interest, are required to be paid. The loan accrues interest at 3% and was paid in full as of December 31, 2016.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: LONG-TERM DEBT(Continued)

Peak View Apartments

Mortgage Payable – Bank of Colorado. This loan was obtained to provide financing for the purchase of the Peak View Apartments. The note requires monthly payments of principal and interest of \$1,841 for the first 60 payments. The monthly principal and interest payments will adjust for an additional 59 payments, with a final payment of principal and interest due on March 15, 2026. The interest rate is based on the five-year Federal Home Loan Bank of Topeka 5 Year Advance rate adjusted for the minimum and maximum rate limitations. The initial interest rate on the loan is 3.89%.

Lone Tree Apartments

Note Payable – LHDC. This loan was obtained to provide financing for the purchase of the Lone Tree Village Apartments. The note requires quarterly payments of interest beginning January 1, 2018, with a final payment of principal and interest due on October 1, 2022. The loan accrues interest at a rate of 5.00%.

Mortgage Payable – Bank of Colorado. This loan was obtained to provide financing for the purchase of the Lone Tree Village Apartments. The note requires monthly payments of principal and interest of \$8,059 for the first 60 payments. The monthly principal and interest payments and will adjust for an additional 59 payments, with a final payment of principal and interest due on October 1, 2027. The interest rate is based on the five-year Federal Home Loan Bank of Topeka 5 Year Advance rate adjusted for the minimum and maximum rate limitations. The initial interest rate on the loan is 3.15%.

Future debt service of the mortgage loans are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 62,262	\$ 100,510	\$ 162,772
2019	64,935	97,512	162,447
2020	67,364	95,272	162,636
2021	55,738	92,708	148,446
2022	553,124	91,550	644,674
2023-2027	<u>2,020,073</u>	<u>288,211</u>	<u>2,308,284</u>
Total	<u>\$ 2,823,496</u>	<u>\$ 765,763</u>	<u>\$ 3,589,259</u>

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

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

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

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

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$38,986 for the year ended December 31, 2017.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2017, the Authority reported a liability of \$603,902 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's proportion of the net pension liability was based on Authority contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Authority proportion was 0.04472%, which was an increase of 0.00303% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Authority recognized pension expense of \$107,458. At December 31, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$10,747	N/A
Changes of assumptions or other inputs	\$42,836	\$1,745
Net difference between projected actual earnings on pension plan investments	\$72,526	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$22,323	N/A
Contributions subsequent to the measurement date	\$38,986	N/A
Total	\$187,418	\$1,745

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$38,986 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2018	\$71,101
2019	\$51,055
2020	\$23,839
2021	\$692

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial 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
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

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 effective as of December 31, 2016.

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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:

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

Mortality rates used in the December 31, 2015 valuation 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.

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.

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- 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 expenses, to 4.85 percent per year, net of investment expenses.

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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 the 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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, 0.25 percent higher compared to the current measurement date.

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the 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 7.25 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase 8.25%
Proportionate share of the net pension liability	\$890,426	\$603,902	\$366,629

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

ESTES PARK HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Other Post-Employment Benefits (Continued)

Funding Policy – The Authority is required to contribute at a rate of 1.02 percent of PERA includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016 and 2017 the Authority’s contributions to the HCTF were \$2,770 and \$2,903, respectively, equal to their required contributions for each year.

NOTE 9: **DEVELOPMENT PROJECTS**

The Authority was awarded low income housing tax credits in fall of 2014 and began development in 2015, Falcon Ridge Apartments. The Authority will be co-developer with Loveland Housing Authority on this project. An entity controlled by the Authority will be the managing general partner of the Falcon Ridge Apartments LLLP. During 2016, the Authority earned development for for this project and was owed \$166,530 as of December 31, 2017.

NOTE 10: **COMMITMENTS AND CONTINGENCIES**

Management Agreement

The Authority has entered into a management agreement with the Loveland Housing Authority for contracted services. Under the terms of this agreement, the Authority contracts for management and accounting services. The contracted services have been classified as functional expenses for better reporting purposes.

Claims and Judgments

The Authority participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2017, significant amounts of grant expenditures have not been audited, but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

ESTES PARK HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 10: *COMMITMENTS AND CONTINGENCIES* (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Tabor Amendment is subject to many interpretations, but the Authority believes it is exempt from the provisions of the amendment.

REQUIRED SUPPLEMENTARY INFORMATION

ESTES PARK HOUSING AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Authority's proportionate share of the Net Pension Liability	0.03888%	0.03965%	0.04169%	0.44720%
Authority's proportionate share of the Net Pension Liability	\$ 319,916	\$ 355,300	\$ 459,293	\$ 603,902
Authority's covered-employee payroll	\$ 207,405	\$ 217,239	\$ 236,790	\$ 271,531
Authority's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	154.2%	163.6%	194.0%	222.4%
Plan fiduciary net position as a percentage of the total pension liability	77.7%	80.7%	76.9%	73.6%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report

ESTES PARK HOUSING AUTHORITY
 SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
 LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contributions	\$ 28,414	\$ 29,762	\$ 32,439	\$ 37,137	\$ 38,986
Contributions in relation to the Statutorily required contributions	<u>28,414</u>	<u>29,762</u>	<u>32,439</u>	<u>37,137</u>	<u>38,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 207,405	\$ 217,239	\$ 236,790	\$ 271,531	\$ 284,568
Contributions as a percentage of covered-employee payroll	13.70%	13.70%	13.70%	13.68%	13.70%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report