

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

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

Year Ended December 31, 2017

E

RECEIVED

Office of the State Auditor

April 27, 2018

TABLE OF CONTENTS

	<u>Page No.</u>
Required Supplemental Information:	
Management's Discussion and Analysis	1
Independent Auditor's Report	7
Basic Financial Statements:	
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Basic Financial Statements	13
Required Supplemental Information:	
Schedule of Proportionate Share of the Net Pension Liability	30
Schedule of Contributions	31
Notes to Required Supplemental Information	32
Supplemental Information:	
Program Schedule of Net Position	34
Program Schedule of Revenues, Expenses and Changes in Net Position	35
Program Schedule of Cash Flows	36
Financial Data Schedule	38
Government Auditing Standards Section:	
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	41
Summary Schedule of Prior Audit Findings	43
Schedule of Findings and Responses	44
Corrective Action Plan	45

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

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

**700 West 3rd Ave.
Yuma, CO 80759**

(970) 848-5590
(970) 848-5611 (Fax)
yumahousingauthority@gmail.com

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2017

This section of the Housing Authority of the Town of Yuma, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 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 basic financial statements as a whole.

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Authority's total net position as of December 31, 2017 was \$971,490. The net position decreased by (\$101,783), a decrease of 9% from the prior year. Of this amount, \$264,676 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$329,587 for the year ended December 31, 2017. This was a decrease of (\$8,977) or 3% from the prior year.

Operating expenses for the Authority were \$474,823 for the year ended December 31, 2017. This was a decrease of (\$17,904) or 4% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

Notes to the Basic Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2017 is required to be included in the audit reporting package.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2017	FY 2016	Dollar Change	Percent Change
Current and other assets	\$ 546,193	\$ 550,943	\$ (4,750)	-1%
Capital assets	1,319,782	1,425,100	(105,318)	-7%
Total Assets	<u>1,865,975</u>	<u>1,976,043</u>	<u>(110,068)</u>	<u>-6%</u>
Deferred Outflows of Resources	<u>99,166</u>	<u>63,251</u>	<u>35,915</u>	<u>57%</u>
Current liabilities	57,154	51,753	5,401	10%
Other liabilities	302,505	223,529	78,976	35%
Long-term debt outstanding	633,120	650,084	(16,964)	-3%
Total Liabilities	<u>992,779</u>	<u>925,366</u>	<u>67,413</u>	<u>7%</u>
Deferred Inflows of Resources	<u>872</u>	<u>40,655</u>	<u>(39,783)</u>	<u>-98%</u>
Net Position				
Net investment in capital assets	669,698	760,361	(90,663)	-12%
Restricted	37,116	34,253	2,863	8%
Unrestricted	264,676	278,659	(13,983)	-5%
Total Net Position	<u>\$ 971,490</u>	<u>\$ 1,073,273</u>	<u>\$ (101,783)</u>	<u>-9%</u>

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$971,490 at the close of the year ended December 31, 2017. This represents a decrease of (\$101,783) which is a decrease of 9% from the prior year. The decrease was primarily attributed to the recording of depreciation which was \$169,739 for the year end December 31, 2017.

Current and other assets decreased by (\$4,750). This was attributed to operations before depreciation, non-capital grant funds used for capital improvements and principal and interest paid on capital debt which resulted in a net decrease in cash and investments of (\$2,105). This was offset by an increase of \$599 in the amount receivable from HUD which is merely the result of when funds are requisitioned.

Current liabilities increased by \$5,401. There was no unusual reason for the change only the typical variability from year to year based on the timing of payments. Other liabilities increased by \$78,976 which was the majority of the change was the increase in Net Pension Liability of \$78,812 which represents the Authority's proportionate share of Colorado PERA unfunded liability.

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

Unrestricted net position as of December 31, 2017 was \$264,676. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

FINANCIAL ANALYSIS (CONT'D)

The Authority had \$37,116 classified as restricted that is subject to external restrictions on how they may be used. These funds are restricted by the Colorado Housing and Finance Authority as mortgage escrow accounts to be used for taxes, insurance and capital improvements. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

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

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental	\$ 318,932	\$ 326,513	\$ (7,581)	-2%
HUD program contributions	46,192	67,589	(21,397)	-32%
Other	11,355	12,201	(846)	-7%
General revenue				
Interest	1,026	1,146	(120)	-10%
Total Revenues	<u>377,505</u>	<u>407,449</u>	<u>(29,944)</u>	<u>-7%</u>
Expenses				
Depreciation	169,739	172,362	(2,623)	-2%
Operating	305,084	320,365	(15,281)	-5%
Nonoperating	40,763	41,725	(962)	-2%
Total Expenses	<u>515,586</u>	<u>534,452</u>	<u>(18,866)</u>	<u>-4%</u>
Excess (deficiency) before contributions and special items	(138,081)	(127,003)	(11,078)	9%
Capital Contributions	36,298	10,597	25,701	
Special Items:				
Termite eradication	-	(12,216)	12,216	
Changes in Net Position	<u>(101,783)</u>	<u>(128,622)</u>	<u>26,839</u>	
Beginning Net Position	1,073,273	1,201,895	(128,622)	
Ending Net Position	<u>\$ 971,490</u>	<u>\$ 1,073,273</u>	<u>\$ (101,783)</u>	

As can be seen above, total revenues decreased by (\$29,944), primarily due to the decrease in Federal operating grants of (\$21,397) and a decrease in rental income of (\$7,581) or 2% which was not attributed to any unusual or significant event, only the normal fluctuation from year-to-year based on occupancy and rent composition. The CFP 2017 grant operations decreased due to the fact we are installing new boilers and most of the 2017 CFP will be going to that project.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

FINANCIAL ANALYSIS (CONT'D)

HUD operating subsidy for the Authority was \$45,272 for the year ended December 31, 2017. This was a decrease of (\$3,925) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. The Authority also expended \$920 of HUD capital grants for operations for the fiscal year ended December 31, 2017 compared to \$18,392 in the previous year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

Operating expenses for the Authority were \$305,084 for the year ended December 31, 2017. This was a decrease of (\$15,281) or 5% from the prior year. The following expense categories had significant changes from the prior year:

- Administrative decreased by (\$17,812)
- Utilities decreased by (\$7,615)
- Maintenance increased by \$5,653

The administrative decreased in 2017 due to the fact that the long-time Executive director retired in 2016 and did not assist in the office much in 2017.

Utilities decreased because the Gas provider had been over charging us the end of 2016 and the error was caught in early 2017 leaving us with a large credit. We did not pay a gas bill for several months due to the large credit. Invoices can be provided if needed.

Maintenance increased due to a person was hired as a part time maintenance man end of 2016. He assisted with the renovations between tenants on several units such as carpet, tile, painting, etc.

HUD capital contributions were \$36,298 for the year ended December 31, 2017. This was an increase of \$25,701 over the prior year. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent from year to year based on the Authority's number of units. The amount presented will vary from year to year depending on the timing of projects as outlined in the HUD approved capital grant budget.

OCCUPANCY

YHA as of 12/31/2017 had one unit available. Occupancy rate of 98%. Total turnovers in 2017 were 6. As of March 27, 2018, occupancy rate is 100%.

VHV as of 12/31/2017 had two units available. Occupancy rate of 90%. Total turnovers in 2017 were 7. As of March 27, 2018, occupancy rate of 100%.

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2017 amounts to \$1,319,782. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's net investment in capital assets for the current fiscal year was 7% in terms of net book value. The actual amount to purchase or construct capital assets was \$64,421 for the year. Depreciation charges for the year totaled \$169,739. Additional information on the

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

CAPITAL ASSETS (CONT'D)

Authority's capital assets can be found in Note H of the notes to the basic financial statements of this report.

YHA Improvements made in 2017, 10 Hot water heaters replaced, security cameras installed, DIRECTV television system installed, lawn treatment.

VHV improvements made in 2017, security cameras installed, some concrete poured and some sidewalk replaced, replaced a few appliances, several units got new carpet and tile.

LONG-TERM DEBT

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

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 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the Town of Yuma, Colorado as of and for the year ended December 31, 2017, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Yuma, Colorado as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018 on our consideration of the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
April 26, 2018

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2017

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 320,226
Investments	134,557
Accounts receivable, net	1,469
Due from other governments	12,550
Accrued interest receivable	30
Prepaid insurance	21,768
<i>Restricted:</i>	
Cash and cash equivalents	55,593
TOTAL CURRENT ASSETS	<u>546,193</u>
 NONCURRENT ASSETS:	
Capital Assets, non-depreciable	110,354
Capital Assets, depreciable, net	1,209,428
TOTAL NONCURRENT ASSETS	<u>1,319,782</u>
TOTAL ASSETS	<u>1,865,975</u>
 DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferred outflows of resources	99,166
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>99,166</u>
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	7,226
Accrued payroll and benefits payable	8,057
Tenant security deposits payable	3,359
Accrued interest payable	18,477
Compensated absences payable	2,892
Unearned revenue	179
Mortgage payable, current portion	16,964
TOTAL CURRENT LIABILITIES	<u>57,154</u>
 NONCURRENT LIABILITIES:	
Compensated absences payable	816
Mortgage payable	633,120
Net pension liability	301,689
TOTAL NONCURRENT LIABILITIES	<u>935,625</u>
TOTAL LIABILITIES	<u>992,779</u>
 DEFERRED INFLOWS OF RESOURCES:	
Pension related deferred inflows of resources	872
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>872</u>
 NET POSITION	
Net investment in capital assets	669,698
Restricted	37,116
Unrestricted	264,676
TOTAL NET POSITION	<u>\$ 971,490</u>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2017

		Housing
OPERATING REVENUES		
Rental income	\$	318,932
Other income		10,655
		329,587
	TOTAL OPERATING REVENUES	
 OPERATING EXPENSES		
Administrative		86,301
Tenant services		2,008
Utilities		43,471
Ordinary maintenance and operations		125,445
General expense		47,859
Depreciation		169,739
		474,823
	TOTAL OPERATING EXPENSES	
		(145,236)
	OPERATING INCOME (LOSS)	
 NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		45,272
HUD capital grants - operations		920
Interest income		1,026
Interest expense		(40,763)
Gain on capital asset dispositions		700
		7,155
	TOTAL NONOPERATING REVENUES (EXPENSES)	
		(138,081)
	INCOME (LOSS) BEFORE CONTRIBUTIONS	
 CAPITAL CONTRIBUTIONS		
HUD capital fund grants		36,298
		(101,783)
	INCREASE (DECREASE) IN NET POSITION	
 NET POSITION		
Net position, beginning balance		1,073,273
		971,490
	TOTAL NET POSITION - ENDING BALANCE	\$

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended December 31, 2017

	<u>Housing</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 317,483
Other receipts	10,655
Tenant security deposits	(709)
Cash payments for goods and services	(134,749)
Cash payments to employees for services	(161,960)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	30,720
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	45,272
HUD capital grants-operations	920
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	46,192
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(64,421)
HUD capital fund grants	35,699
Proceeds from disposition of capital assets	700
Interest paid on capital debt	(37,404)
Principal paid on capital debt	(14,655)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(80,081)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (deposits) withdrawals to investments	(266)
Interest received	1,064
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	798
NET INCREASE (DECREASE) IN CASH	(2,371)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	378,190
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 375,819

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended December 31, 2017

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (145,236)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	169,739
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,329)
(Increase) decrease in prepaid insurance	4,535
(Increase) decrease in deferred outflows of resources	(35,915)
Increase (decrease) in accounts payable	949
Increase (decrease) in tenant security deposits	(709)
Increase (decrease) in accrued payroll and benefits	(244)
Increase (decrease) in accrued compensated absences	21
Increase (decrease) in unearned revenue	(120)
Increase (decrease) in net pension liability	78,812
Increase (decrease) in deferred inflows of resources	<u>(39,783)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>30,720</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Housing programs authorized by the United States Housing Act of 1937 and amendments contained in the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

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

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the Basic Financial Statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

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

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

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

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

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

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

Public Housing Program - This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects was funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

VH Villa Townhomes Program - This program accounts for the operation, maintenance, and development of a 20-unit tax-credit project. The project was originally developed in November 1997 and the Yuma Housing Authority managed as the general partner until August 31, 2012 which then it was assigned as the sole owner of the property by the limited partner and Villa Townhomes, LLC (a limited liability company) was created to account for these activities. On December 22, 2017, the Villa Townhomes, LLC transferred the property to the Yuma Housing Authority.

Budgetary Process

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

Cash and Investments

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

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

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

Accounts Receivable

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

Prepaid Items

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

Capital Assets and Depreciation

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

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

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

Use of Restricted/Unrestricted Net Position

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

Estimates

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

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

Grant Revenue

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

Deferred Outflows of Resources

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Colorado Public Employees Retirement Association (Colorado PERA) and additions to/deductions from Colorado PERA'S fiduciary net position have been determined on the same basis as they are reported by Colorado PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

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

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

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

Compensated Absences

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Income Taxes

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

Taxpayer's Bill of Rights

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

NOTE B - DEPOSITS AND INVESTMENTS

At December 31, 2017, the Authority's carrying amount of deposits was \$473,185 and the bank balances were \$482,171. The Authority had cash on hand of \$75 as of December 31, 2017. In addition, the Authority has a total of \$37,116 held as mortgage escrow balances, for replacement reserves, mortgage insurance and property insurance. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the total bank balances \$384,531 were covered by FDIC insurance and \$97,640 was covered by the Colorado Public Deposit Protection Act (PDPA).

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2017 are as follows:

Tenants	\$	1,469
Allowance for doubtful accounts		<u> --</u>
	\$	<u> 1,469</u>

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at December 31, 2017 is as follows:

HUD – capital fund grants	\$	11,622
Section 8 administrative fees		<u> 928</u>
	\$	<u> 12,550</u>

NOTE E – RESTRICTED ASSETS

A summary of restricted cash and cash equivalents as presented in the Statement of Net Position at December 31, 2017 is as follows:

Tenant security deposits	\$	18,477	
Mortgage escrow funds		<u> 37,116</u>	[1]
	\$	<u> 55,593</u>	

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

NOTE F – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2017 is as follows:

Vendors and contractors	\$	<u> 7,226</u>
-------------------------	----	------------------

NOTE G – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2017 is as follows:

Tenant prepaid rents	\$	<u> 179</u>
----------------------	----	----------------

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Non-depreciable assets:				
Land	\$ 110,354	\$ -	\$ -	\$ 110,354
Construction in progress	1,240	36,299	(37,539)	0
Total non-depreciable assets	<u>111,594</u>	<u>36,299</u>	<u>(37,539)</u>	<u>110,354</u>
Depreciable assets				
Buildings	4,761,208	60,982	-	4,822,190
Equipment - Dwelling	93,703	-	-	93,703
Equipment - Administration	78,200	4,678	(1,743)	81,135
Total depreciable assets	<u>4,933,111</u>	<u>65,660</u>	<u>(1,743)</u>	<u>4,997,028</u>
Total Capital Assets	<u>5,044,705</u>	<u>101,959</u>	<u>(39,282)</u>	<u>5,107,382</u>
Accumulated depreciation				
Buildings	3,498,457	158,024	-	3,656,481
Equipment - Dwelling	73,332	3,754	-	77,086
Equipment - Administration	47,815	7,961	(1,743)	54,033
Total accumulated depreciation	<u>3,619,604</u>	<u>169,739</u>	<u>(1,743)</u>	<u>3,787,600</u>
Depreciable assets, net	<u>1,313,507</u>	<u>(104,079)</u>	<u>-</u>	<u>1,209,428</u>
Capital assets, net	<u>\$ 1,425,101</u>	<u>\$ (67,780)</u>	<u>\$ (37,539)</u>	<u>\$ 1,319,782</u>

NOTE I—ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	\$ 3,687	\$ 7,574	\$ (7,553)	\$ 3,708	\$ 2,892

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE J – LONG-TERM LIABILITIES

As detailed in Note A, the Authority was assigned the ownership rights and obligations of the VH Villa Townhomes on August 31, 2012. The twenty-unit property has a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property known as Villa Townhomes. The loan had an original amount of \$830,000 dated November 14, 1997 which had an original interest rate of 6.9%. The loan was modified in October 2006 and the current interest rate is 6.2%. The loan requires monthly principal and interest payments \$4,733 through December, 2037. The balance due at December 31, 2017 was \$650,084.

A summary of changes in mortgage payable as of December 31, 2017 is as follows:

Description	Balance 1/1/2017	Issued	Retired	Balance 12/31/2017	Due Within One Year
CHFA Mortgage	\$ 664,739	\$ -	\$ (14,655)	\$ 650,084	\$ 16,964
Total	<u>\$ 664,739</u>	<u>\$ -</u>	<u>\$ (14,655)</u>	<u>\$ 650,084</u>	<u>\$ 16,964</u>
			Less current maturities	<u>(16,964)</u>	
			Long-term portion	<u>\$ 633,120</u>	

Principal and interest requirements for the mortgage are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 16,964	\$ 39,829	\$ 56,793
2019	18,046	38,747	56,793
2020	19,198	37,595	56,793
2021	20,422	36,371	56,793
2022	21,725	35,068	56,793
2023-2027	131,268	152,697	283,965
2028-2032	178,831	105,134	283,965
2033-2037	243,630	40,335	283,965
	<u>\$ 650,084</u>	<u>\$ 485,776</u>	<u>\$ 1,135,860</u>

NOTE K—NET POSITION

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

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE K – NET POSITION (CONT'D)

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

Restricted net position of \$37,116 is restricted in the VH Villa Townhomes Program by the Colorado Housing and Finance Authority (CHFA) to be used for taxes, insurance and capital improvements upon approval of CHFA (See Note E).

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

NOTE L – CONTINGENCIES

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

NOTE M - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance.

During the year ended December 31, 2017, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE N – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

General Information about the Pension Plan

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

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

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

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

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

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

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

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

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.

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:

	Rates
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 LGDTF¹	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 Yuma Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Yuma Housing Authority were \$17,171 for the year ended December 31, 2016.

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

At December 31, 2017, the Yuma Housing Authority reported a liability of \$301,689 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 Yuma Housing Authority's proportion of the net

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

pension liability was based on Authority's 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's proportion was .0223417187 percent, which was an increase of .00210929 from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Authority recognized pension expense of \$54,944. At December 31, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 21,399	\$ 872
Difference between expected and actual experience	\$ 5,369	\$ --
Difference between projected and actual earnings on pension plan investments	\$ 36,232	\$ --
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ 18,162	\$ --
Contributions paid to PERA subsequent to the measurement date – FYE 2017	\$ 18,004	\$ --
Total	\$ 99,166	\$ 872

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	\$	45,904
2019		20,820
2020		13,121
2021		445
	\$	80,290

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

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. 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.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

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.
- **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.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

- 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%.

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%.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

- 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.
- 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.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE N – DEFINED BENEFIT PENSION PLAN (CONT'D)

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	444,827	301,689	183,156

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.

Payables to the Pension Plan

At December 31, 2017, the Authority had payables of \$3,670 to the defined benefit pension plan for legally required employer and employee contributions which had been withheld from employee wages but not yet remitted to PERA.

NOTE O – DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2017, program members contributed \$4,928.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.0223417187%	0.020232466%	0.024544995%
Authority's proportionate share of the net pension liability	\$ 301,689	\$ 222,877	\$ 219,999
Authority's covered-payroll	\$ 135,419	\$ 114,904	\$ 134,498
Authority's proportionate share of the net pension liability as a percentage of its covered-payroll	223%	194%	164%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%	81%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 17,906	\$ 18,552	\$ 15,742
Contributions in relation to the contractually required contributions	17,906	18,552	15,742
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-payroll	\$ 130,703	\$ 135,419	\$ 114,904
Contributions as a percentage of covered payroll	13.70%	13.70%	13.70%

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

NOTE A – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2016 Changes in Plan Provisions Since 2015

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

2015 Changes in Plan Provisions Since 2014

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

2014 Changes in Plan Provisions Since 2013

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

NOTE B – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL VALUATION:

2016 Changes in Assumptions or Other Inputs Since 2015

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The post-retirement mortality assumption for healthy lives for the State and Local Government Divisions was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of 73 percent factor applied to ages below 80 and 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

NOTE B – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL VALUATION (CONT'D)

- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from .35 percent to .40 percent.
- The SEIR for the Local Government Division was lowered from 7.50 percent to 7.25 percent reflecting the change in the long-term rate of return.

2015 Changes in Assumptions or Other Inputs Since 2014

The following programming changes were made:

- Valuation of full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month AI timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

**SUPPLEMENTAL INFORMATION –
PROGRAM FINANCIAL SCHEDULES**

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF NET POSITION
December 31, 2017

	Public Housing	VH Villa Townhomes	Totals
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 227,357	\$ 92,869	\$ 320,226
Investments	134,557	-	134,557
Accounts receivable, net	-	1,469	1,469
Due from other governments	12,550	-	12,550
Accrued interest receivable	30	-	30
Prepaid insurance	15,242	6,526	21,768
<i>Restricted:</i>			
Cash and cash equivalents	9,776	45,817	55,593
TOTAL CURRENT ASSETS	399,512	146,681	546,193
NONCURRENT ASSETS:			
Capital Assets, non-depreciable	6,354	104,000	110,354
Capital Assets, depreciable, net	531,773	677,655	1,209,428
TOTAL NONCURRENT ASSETS	538,127	781,655	1,319,782
TOTAL ASSETS	937,639	928,336	1,865,975
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows of resources	99,166	-	99,166
TOTAL DEFERRED OUTFLOWS OF RESOURCES	99,166	-	99,166
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	6,110	1,116	7,226
Accrued payroll and benefits payable	8,057	-	8,057
Accrued interest payable	-	3,359	3,359
Tenant security deposits payable	9,776	8,701	18,477
Compensated absences payable	2,892	-	2,892
Unearned revenue	177	2	179
Mortgage payable, current portion	-	16,964	16,964
TOTAL CURRENT LIABILITIES	27,012	30,142	57,154
NONCURRENT LIABILITIES:			
Compensated absences payable	816	-	816
Mortgage payable	-	633,120	633,120
Net pension liability	301,689	-	301,689
TOTAL NONCURRENT LIABILITIES	302,505	633,120	935,625
TOTAL LIABILITIES	329,517	663,262	992,779
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows of resources	872	-	872
TOTAL DEFERRED INFLOWS OF RESOURCES	872	-	872
NET POSITION			
Net investment in capital assets	538,127	131,571	669,698
Restricted	-	37,116	37,116
Unrestricted	168,289	96,387	264,676
TOTAL NET POSITION	\$ 706,416	\$ 265,074	\$ 971,490

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2017

	Public Housing	VH Villa Townhomes	Totals
OPERATING REVENUES			
Rental income	\$ 182,292	\$ 136,640	\$ 318,932
Other income	34,654	-	34,654
TOTAL OPERATING REVENUES	216,946	136,640	353,586
OPERATING EXPENSES			
Administrative	81,560	16,676	98,236
Tenant services	2,008	-	2,008
Utilities	34,930	8,541	43,471
Ordinary maintenance and operations	112,273	25,236	137,509
General expense	34,556	13,303	47,859
Depreciation	89,760	79,979	169,739
TOTAL OPERATING EXPENSES	355,087	143,735	498,822
OPERATING INCOME (LOSS)	(138,141)	(7,095)	(145,236)
NONOPERATING REVENUES (EXPENSES)			
HUD operating subsidy	45,272	-	45,272
HUD capital grants - operations	920	-	920
Interest income	812	214	1,026
Interest expense	-	(40,763)	(40,763)
Gain on capital asset dispositions	700	-	700
TOTAL NONOPERATING REVENUES (EXPENSES)	47,704	(40,549)	7,155
INCOME (LOSS) BEFORE CONTRIBUTIONS	(90,437)	(47,644)	(138,081)
CAPITAL CONTRIBUTIONS			
HUD capital fund grants	36,298	-	36,298
INCREASE (DECREASE) IN NET POSITION	(54,139)	(47,644)	(101,783)
NET POSITION			
Net position, beginning balance	760,555	312,718	1,073,273
TOTAL NET POSITION - ENDING BALANCE	\$ 706,416	\$ 265,074	\$ 971,490

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended December 31, 2017

	Public Housing	VH Villa Townhomes	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rental receipts	\$ 182,235	\$ 135,248	\$ 317,483
Other receipts	34,654	-	34,654
Tenant security deposits	(439)	(270)	(709)
Cash payments for goods and services	(94,869)	(63,879)	(158,748)
Cash payments to employees for services	(161,960)	-	(161,960)
	NET CASH PROVIDED (USED)	BY OPERATING ACTIVITIES	
	(40,379)	71,099	30,720
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
HUD operating subsidy	45,272	-	45,272
HUD capital grants - operations	920	-	920
	NET CASH PROVIDED (USED) BY	NONCAPITAL FINANCING ACTIVITIES	
	46,192	-	46,192
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases and construction of capital assets	(36,299)	(28,122)	(64,421)
HUD capital fund grants	35,699	-	35,699
Proceeds from disposition of capital assets	700	-	700
Interest paid on capital debt	-	(37,404)	(37,404)
Principal paid on capital debt	-	(14,655)	(14,655)
	NET CASH PROVIDED (USED) BY	CAPITAL AND RELATED FINANCING ACTIVITIES	
	100	(80,181)	(80,081)
 CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (deposits) withdrawals to investments	(266)	-	(266)
Interest received	850	214	1,064
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
	584	214	798
	NET INCREASE (DECREASE) IN CASH		
	6,497	(8,868)	(2,371)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	230,636	147,554	378,190
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 237,133	\$ 138,686	\$ 375,819

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended December 31, 2017

	Public Housing	VH Villa Townhomes	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (138,141)	\$ (7,095)	\$ (145,236)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	89,760	79,979	169,739
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	65	(1,394)	(1,329)
(Increase) decrease in prepaid insurance	4,547	(12)	4,535
(Increase) decrease in deferred outflows of resources	(35,915)	-	(35,915)
Increase (decrease) in accounts payable	1,060	(111)	949
Increase (decrease) in tenant security deposits	(439)	(270)	(709)
Increase (decrease) in accrued payroll and benefits	(244)	-	(244)
Increase (decrease) in accrued compensated absences	21	-	21
Increase (decrease) in unearned revenue	(122)	2	(120)
Increase (decrease) in net pension liability	78,812	-	78,812
Increase (decrease) in deferred inflows of resources	(39,783)	-	(39,783)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (40,379)	\$ 71,099	\$ 30,720

**SUPPLEMENTAL INFORMATION –
FINANCIAL DATA SCHEDULE**

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2017

	Project Total	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$227,357		\$92,869	\$320,226		\$320,226
113 Cash - Other Restricted			\$37,116	\$37,116		\$37,116
114 Cash - Tenant Security Deposits	\$9,776		\$8,701	\$18,477		\$18,477
100 Total Cash	\$237,133	\$0	\$138,685	\$375,819	\$0	\$375,819
122 Accounts Receivable - HUD Other Projects	\$11,622			\$11,622		\$11,622
124 Accounts Receivable - Other Government	\$928			\$928		\$928
126 Accounts Receivable - Tenants			\$1,469	\$1,469		\$1,469
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0		\$0
129 Accrued Interest Receivable	\$30			\$30		\$30
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,580	\$0	\$1,469	\$14,049	\$0	\$14,049
131 Investments - Unrestricted	\$134,557			\$134,557		\$134,557
142 Prepaid Expenses and Other Assets	\$15,242		\$6,526	\$21,768		\$21,768
150 Total Current Assets	\$399,512	\$0	\$146,681	\$546,193	\$0	\$546,193
161 Land	\$6,354		\$104,000	\$110,354		\$110,354
162 Buildings	\$2,928,083		\$1,894,128	\$4,822,191		\$4,822,191
163 Furniture, Equipment & Machinery - Dwellings	\$86,164		\$7,538	\$93,702		\$93,702
164 Furniture, Equipment & Machinery - Administration	\$81,135			\$81,135		\$81,135
166 Accumulated Depreciation	-\$2,563,589		-\$1,224,011	-\$3,787,600		-\$3,787,600
160 Total Capital Assets, Net of Accumulated Depreciation	\$538,127	\$0	\$781,655	\$1,319,782	\$0	\$1,319,782
180 Total Non-Current Assets	\$538,127	\$0	\$781,655	\$1,319,782	\$0	\$1,319,782
200 Deferred Outflow of Resources	\$99,166			\$99,166		\$99,166
290 Total Assets and Deferred Outflow of Resources	\$1,036,805	\$0	\$928,336	\$1,965,141	\$0	\$1,965,141
312 Accounts Payable <= 90 Days	\$1,843		\$334	\$2,177		\$2,177
321 Accrued Wage/Payroll Taxes Payable	\$8,057			\$8,057		\$8,057
322 Accrued Compensated Absences - Current Portion	\$2,892			\$2,892		\$2,892
325 Accrued Interest Payable			\$3,359	\$3,359		\$3,359
341 Tenant Security Deposits	\$9,776		\$8,701	\$18,477		\$18,477
342 Unearned Revenue	\$177	\$0	\$2	\$179		\$179
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$16,964	\$16,964		\$16,964
346 Accrued Liabilities - Other	\$4,267		\$782	\$5,049		\$5,049
310 Total Current Liabilities	\$27,012	\$0	\$30,142	\$57,154	\$0	\$57,154
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$0	\$633,120	\$633,120		\$633,120
354 Accrued Compensated Absences - Non Current	\$816			\$816		\$816
357 Accrued Pension and OPEB Liabilities	\$301,689			\$301,689		\$301,689
350 Total Non-Current Liabilities	\$302,505	\$0	\$633,120	\$935,625	\$0	\$935,625
300 Total Liabilities	\$329,517	\$0	\$663,262	\$992,779	\$0	\$992,779
400 Deferred Inflow of Resources	\$872			\$872		\$872
508.4 Net Investment in Capital Assets	\$538,127		\$131,571	\$669,698		\$669,698
511.4 Restricted Net Position			\$37,116	\$37,116		\$37,116
512.4 Unrestricted Net Position	\$168,289	\$0	\$96,387	\$264,676	\$0	\$264,676
513 Total Equity - Net Assets / Position	\$706,416	\$0	\$265,074	\$971,490	\$0	\$971,490
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,036,805	\$0	\$928,336	\$1,965,141	\$0	\$1,965,141

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2017

	Project Total	9.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$167,598		\$130,165	\$297,763		\$297,763
70400 Tenant Revenue - Other	\$14,894		\$6,475	\$21,169		\$21,169
70500 Total Tenant Revenue	\$182,292	\$0	\$136,640	\$318,932	\$0	\$318,932
70600 HUD PHA Operating Grants	\$46,192			\$46,192		\$46,192
70810 Capital Grants	\$36,298			\$36,298		\$36,298
71100 Investment Income - Unrestricted	\$812		\$203	\$1,015		\$1,015
71500 Other Revenue	\$34,654		\$0	\$34,654	-\$23,999	\$10,655
71600 Gain or Loss on Sale of Capital Assets	\$700			\$700		\$700
72000 Investment Income - Restricted			\$11	\$11		\$11
70000 Total Revenue	\$300,948	\$0	\$136,854	\$437,802	-\$23,999	\$413,803
91100 Administrative Salaries	\$51,550			\$51,550		\$51,550
91200 Auditing Fees	\$3,500		\$1,350	\$4,850		\$4,850
91300 Management Fee		\$0	\$11,935	\$11,935	-\$11,935	\$0
91500 Employee Benefit contributions - Administrative	\$18,934			\$18,934		\$18,934
91600 Office Expenses	\$4,648		\$1,670	\$6,318		\$6,318
91700 Legal Expense	\$107			\$107		\$107
91800 Travel	\$817			\$817		\$817
91900 Other	\$4,004		\$1,721	\$5,725		\$5,725
91000 Total Operating - Administrative	\$81,560	\$0	\$16,676	\$98,236	-\$11,935	\$86,301
92100 Tenant Services - Salaries	\$1,220			\$1,220		\$1,220
92300 Employee Benefit Contributions - Tenant Services	\$414			\$414		\$414
92400 Tenant Services - Other	\$374			\$374		\$374
92500 Total Tenant Services	\$2,008	\$0	\$0	\$2,008	\$0	\$2,008
93100 Water	\$2,538		\$1,970	\$4,508		\$4,508
93200 Electricity	\$17,103		\$1,297	\$18,400		\$18,400
93300 Gas	\$9,911		\$1,290	\$11,201		\$11,201
93600 Sewer	\$5,378			\$5,378		\$5,378
93800 Other Utilities Expense			\$3,984	\$3,984		\$3,984
93000 Total Utilities	\$34,930	\$0	\$8,541	\$43,471	\$0	\$43,471
94100 Ordinary Maintenance and Operations - Labor	\$67,692			\$67,692		\$67,692
94200 Ordinary Maintenance and Operations - Materials and Other	\$7,885		\$5,178	\$13,063		\$13,063
94300 Ordinary Maintenance and Operations Contracts	\$17,230	\$0	\$20,058	\$37,288	-\$12,064	\$25,224
94500 Employee Benefit Contributions - Ordinary Maintenance	\$19,466			\$19,466		\$19,466
94000 Total Maintenance	\$112,273	\$0	\$25,236	\$137,509	-\$12,064	\$125,445
96110 Property Insurance	\$20,266		\$9,731	\$29,997		\$29,997
96120 Liability Insurance	\$1,296			\$1,296		\$1,296
96130 Workmen's Compensation	\$3,363			\$3,363		\$3,363
96140 All Other Insurance	\$1,671		\$1,674	\$3,345		\$3,345
96100 Total Insurance Premiums	\$26,596	\$0	\$11,405	\$38,001	\$0	\$38,001
96200 Other General Expenses	\$386			\$386		\$386
96210 Compensated Absences	\$7,574			\$7,574		\$7,574
96400 Bad debt - Tenant Rents			\$1,898	\$1,898		\$1,898
96000 Total Other General Expenses	\$7,960	\$0	\$1,898	\$9,858	\$0	\$9,858
96710 Interest of Mortgage (or Bonds) Payable			\$40,763	\$40,763		\$40,763
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$40,763	\$40,763	\$0	\$40,763
96900 Total Operating Expenses	\$265,327	\$0	\$104,519	\$369,846	-\$23,999	\$345,847
97000 Excess of Operating Revenue over Operating Expenses	\$35,621	\$0	\$32,335	\$67,956	\$0	\$67,956
97400 Depreciation Expense	\$89,760		\$79,979	\$169,739		\$169,739
90000 Total Expenses	\$355,087	\$0	\$184,498	\$539,585	-\$23,999	\$515,586
10010 Operating Transfer In	\$920			\$920	-\$920	\$0
10020 Operating transfer Out	-\$920			-\$920	\$920	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$54,139	\$0	-\$47,644	-\$101,783	\$0	-\$101,783
11020 Required Annual Debt Principal Payments	\$0	\$0	\$14,655	\$14,655		\$14,655
11030 Beginning Equity	\$760,555	\$312,718	\$0	\$1,073,273		\$1,073,273
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	-\$312,718	\$312,718	\$0		\$0
11190 Unit Months Available	600	0	240	840		840
11210 Number of Unit Months Leased	591	0	224	815		815
11270 Excess Cash	\$335,148			\$335,148		\$335,148
11620 Building Purchases	\$35,688			\$35,688		\$35,688
11640 Furniture & Equipment - Administrative Purchases	\$610			\$610		\$610

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

Single Project Revenue and Expense

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2017

Project: CO009101655 HIGH PLAINS MANOR

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$167,598		\$167,598
70400 Tenant Revenue - Other	\$14,694		\$14,694
70500 Total Tenant Revenue	\$182,292	\$0	\$182,292
70600 HUD PHA Operating Grants	\$45,272	\$920	\$46,192
70610 Capital Grants		\$36,298	\$36,298
71100 Investment Income - Unrestricted	\$812		\$812
71500 Other Revenue	\$34,654		\$34,654
71600 Gain or Loss on Sale of Capital Assets	\$700		\$700
70000 Total Revenue	\$263,730	\$37,218	\$300,948
91100 Administrative Salaries	\$51,550		\$51,550
91200 Auditing Fees	\$3,500		\$3,500
91500 Employee Benefit contributions - Administrative	\$16,934		\$16,934
91600 Office Expenses	\$4,648		\$4,648
91700 Legal Expense	\$107		\$107
91800 Travel	\$817		\$817
91900 Other	\$4,004		\$4,004
91000 Total Operating - Administrative	\$81,560	\$0	\$81,560
92100 Tenant Services - Salaries	\$1,220		\$1,220
92300 Employee Benefit Contributions - Tenant Services	\$414		\$414
92400 Tenant Services - Other	\$374		\$374
92500 Total Tenant Services	\$2,008	\$0	\$2,008
93100 Water	\$2,538		\$2,538
93200 Electricity	\$17,103		\$17,103
93300 Gas	\$9,911		\$9,911
93600 Sewer	\$5,378		\$5,378
93000 Total Utilities	\$34,930	\$0	\$34,930
94100 Ordinary Maintenance and Operations - Labor	\$67,692		\$67,692
94200 Ordinary Maintenance and Operations - Materials and Other	\$7,885		\$7,885
94300 Ordinary Maintenance and Operations Contracts	\$17,230		\$17,230
94500 Employee Benefit Contributions - Ordinary Maintenance	\$19,466		\$19,466
94000 Total Maintenance	\$112,273	\$0	\$112,273
96110 Property Insurance	\$20,268		\$20,268
96120 Liability Insurance	\$1,296		\$1,296
96130 Workmen's Compensation	\$3,363		\$3,363
96140 All Other Insurance	\$1,671		\$1,671
96100 Total Insurance Premiums	\$26,598	\$0	\$26,598
96200 Other General Expenses	\$386		\$386
96210 Compensated Absences	\$7,574		\$7,574
96000 Total Other General Expenses	\$7,960	\$0	\$7,960
96900 Total Operating Expenses	\$265,327	\$0	\$265,327
97000 Excess of Operating Revenue over Operating Expenses	-\$1,597	\$37,218	\$35,621
97400 Depreciation Expense	\$89,760		\$89,760
90000 Total Expenses	\$355,087	\$0	\$355,087
10010 Operating Transfer In	\$920		\$920
10020 Operating transfer Out		-\$920	-\$920
10100 Total Other financing Sources (Uses)	\$920	-\$920	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$90,437	\$36,298	-\$54,139
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$760,555	\$0	\$760,555
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$36,298	-\$36,298	\$0
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	591		591
11270 Excess Cash	\$335,148		\$335,148
11620 Building Purchases	\$0	\$35,688	\$35,688
11640 Furniture & Equipment - Administrative Purchases	\$0	\$610	\$610

GOVERNMENT AUDITING STANDARDS SECTION

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

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

Independent Auditors Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the Town of Yuma, Colorado, as of and for the year ended December 31, 2017, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements, and have issued our report thereon dated April 26, 2018.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2017-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Yuma, Colorado's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Niewedde & Wiens, CPA's

York, Nebraska
April 26, 2018

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2017

The audit report for the year ended December 31, 2016 contained two findings and no questioned costs.

Finding 2016-1: Internal Controls – This finding is repeated because the Authority is a small entity and it is not financially feasible to correct this finding.

Finding 2016-2: Ineffective Oversight over Financial Reporting – This finding has been cleared.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2017

Finding 2017-1: Internal Control Structure
Material Weakness

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

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

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

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

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

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

**700 West 3rd Ave.
Yuma, CO 80759**

(970) 848-5590
(970) 848-5611 (Fax)
yumahousingauthority@gmail.com

**CORRECTIVE ACTION PLAN
Year Ended December 31, 2017**

The following are responses to and the corrective action to be taken in regard to the findings as reported in the accompanying Schedule of Findings and Responses for the fiscal year ended December 31, 2017:

ITEM

- 2017-1** The Authority is a small entity and recognizes the lack of segregation of duties associated with the limited number of personnel. Due to our small size the cost of adding employees to implement these controls, the expected benefit would be a significant increase in the cost and at this time we feel the cost would exceed the benefit.

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