

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

Financial Statements

For the Year Ended March 31, 2018

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September 28, 2018

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HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Housing Authority of the Town of Cheyenne Wells

Cheyenne Wells, Colorado 80810

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Authority of the Town of Cheyenne Wells, as of and for the year ended March 31, 2018, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Housing Authority of the Town of Cheyenne Wells, as of March 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension information on pages a-g and 16-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board and HUD, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Winfrey, County & Hays, PC

Winfrey, County & Hays, PC

September 28, 2018

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

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

March 31, 2018

(Unaudited)

This section of the Housing Authority of the Town of Cheyenne Wells, Colorado's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2018 was \$161,725. The net position decreased by \$33,113, a decrease of 17.0% from the prior year.
- Revenues and contributions for the Authority were \$190,446 for the year ended March 31, 2018. This was a decrease of \$17,905 or 8.6% from the prior year.
- Expenses for the Authority were \$223,559 for the year ended March 31, 2018. This was an increase of \$8,214 or 3.8% over the prior year.
- Rental revenue for the Authority was \$100,673 for the year ended March 31, 2018, a decrease of \$8,077 or 7.4% from the prior year. HUD operating grants for the Authority was \$66,417 for the year ended March 31, 2018, an increase of \$10,924 or 19.7% over the prior year. Revenue reported from capital contributions for the year ended March 31, 2018 was \$0, a decrease of \$31,740 or 100.0% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

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

March 31, 2018

(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2018 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$161,725 at the close of the year ended March 31, 2018 down from \$194,838 in fiscal year 2017. The decrease in net position of \$33,113 was due to an increase in total liabilities, which was partially offset by an increase in total assets as noted below.

- Current and other assets include cash, investments, receivables, and prepaid expenses. Of the \$17,659 decrease in this category, cash and investments decreased \$14,078, receivables decreased \$3,295, and prepaid expenses decreased \$286.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

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

March 31, 2018

(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

- Capital assets decreased \$6,847 because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Deferred outflows decreased \$21,320 from FY 2017.
- Current liabilities decreased \$8,115 mostly due to a \$7,575 decrease in accounts payable.
- Noncurrent liabilities decreased \$23,760 due to a decrease in net pension liability of \$26,591, which was partially offset by a \$2,831 increase in noncurrent portion of accrued compensated absences.
- Deferred inflows increased \$19,162 from FY 2017.

CONDENSED STATEMENTS OF NET POSITION

	FY 2018	FY 2017	Dollar Change	Percent Change
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current assets	\$ 107,541	\$ 125,200	\$ (17,659)	-14.1%
Capital assets	202,189	209,036	(6,847)	-3.3%
Total Assets	<u>309,730</u>	<u>334,236</u>	<u>(24,506)</u>	-7.3%
Deferred Outflows	<u>10,256</u>	<u>31,576</u>	<u>(21,320)</u>	-67.5%
TOTAL	<u>\$ 319,986</u>	<u>\$ 365,812</u>	<u>\$ (45,826)</u>	-12.5%
Current liabilities	\$ 18,846	\$ 26,961	\$ (8,115)	-30.1%
Noncurrent liabilities	118,099	141,859	(23,760)	-16.7%
Total Liabilities	<u>136,945</u>	<u>168,820</u>	<u>(31,875)</u>	-18.9%
Deferred Inflows	<u>21,316</u>	<u>2,154</u>	<u>19,162</u>	889.6%
Net Position				
Net investment in capital assets	202,189	209,036	(6,847)	-3.3%
Unrestricted	<u>(40,464)</u>	<u>(14,198)</u>	<u>(26,266)</u>	-185.0%
Total Net Position	<u>161,725</u>	<u>194,838</u>	<u>\$ (33,113)</u>	-17.0%
TOTAL	<u>\$ 319,986</u>	<u>\$ 365,812</u>	<u>\$ (45,826)</u>	-12.5%

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

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

March 31, 2018

(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net position was \$(40,464) as of March 31, 2018. This amount may be used to meet the Authority's ongoing obligations. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used.

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

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

As can be seen in the table on the following page, total revenues and contributions decreased \$17,905 due to the reasons noted below.

- Rental revenue decreased \$8,077 or 7.4% from FY 2017 primarily due to a decrease in average dwelling rental charge per unit of \$24.73 or 6.4%.
- Of the \$10,924 increase in HUD operating grants, operating subsidy received from HUD decreased \$7,712 and capital fund grants utilized for operating expenditures increased \$18,636.
- Interest & investment earnings increased \$73 from FY 2017.
- Capital contributions decreased \$31,740 from FY 2017. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Capital contributions during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- The Authority had a gain on disposal of fixed assets of \$4 during FY 2018 and a loss on disposal of fixed assets of \$18 during FY 2017.
- Other revenues increased \$10,893 or 90.0% from FY 2017. Other revenue was higher in FY 2018 mostly due to a \$11,598 refund from the Authority's insurance company for premium payback.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
March 31, 2018
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 100,673	\$ 108,750	\$ (8,077)	-7.4%
HUD operating grants	66,417	55,493	10,924	19.7%
Interest and investment earnings	362	289	73	25.3%
Capital contributions	-	31,740	(31,740)	-100.0%
Gain (loss) on sale of fixed assets	4	(18)	22	122.2%
Other revenues	<u>22,990</u>	<u>12,097</u>	<u>10,893</u>	90.0%
Total Revenues & Contributions	<u>190,446</u>	<u>208,351</u>	<u>(17,905)</u>	-8.6%
Expenses				
Administrative	87,140	87,599	(459)	-0.5%
Utilities	28,690	28,989	(299)	-1.0%
Maintenance and operations	48,637	43,898	4,739	10.8%
Insurance	19,024	17,704	1,320	7.5%
Other general expenses	10,108	9,879	229	2.3%
Depreciation	<u>29,960</u>	<u>27,276</u>	<u>2,684</u>	9.8%
Total Expenses	<u>223,559</u>	<u>215,345</u>	<u>8,214</u>	3.8%
Change in net position	<u>(33,113)</u>	<u>(6,994)</u>	<u>(26,119)</u>	
Beginning net position	194,838	201,437	(6,599)	
Prior period adjustments	<u>-</u>	<u>395</u>	<u>(395)</u>	
Beginning net position, adjusted	<u>194,838</u>	<u>201,832</u>	<u>(6,994)</u>	
Ending net position	\$ <u>161,725</u>	\$ <u>194,838</u>	\$ <u>(33,113)</u>	

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

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

March 31, 2018

(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased \$8,214 due to the reasons noted below.

- Administrative expenses decreased \$459 or 0.5% from FY 2017.
- Utilities decreased \$299 or 1.0% from FY 2017.
- Maintenance and operations increased \$4,739 or 10.8% mainly due to an increase in maintenance labor and benefits of \$5,408 or 40.3%.
- Insurance increased \$1,320 or 7.5% from FY 2017 primarily due to an increase in property and liability insurance of \$842 or 5.4% and an increase in worker's compensation insurance of \$434 or 24.5%.
- Other general expenses increased \$229 or 2.3% from FY 2017.
- The Authority had a \$2,684 or 9.8% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

The Public Housing occupancy rate for fiscal year ended March 31, 2018 was 93.3%, down slightly from 94.3% in FY 2017. The Authority currently has 10 one-bedroom units, 2 two-bedroom units, 10 three-bedroom units and 3 four-bedroom units.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS

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

March 31, 2018

(Unaudited)

CAPITAL ASSETS

Capital Assets - The Housing Authority of the Town of Cheyenne Wells, Colorado's investment in capital assets, net of related debt, as of March 31, 2018 amounts to \$202,189 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total decrease in the Authority's capital assets for the current fiscal year was 3.3% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and contributions were \$23,209 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$29,960. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposal	Ending
Capital assets	\$209,036	\$23,209	\$(29,960)	\$(96)	\$202,189

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 2019 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Sandra Roberts, Executive Director, Housing Authority of the Town of Cheyenne Wells, Colorado address.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Statement of Net Position
At March 31, 2018

ASSETS	Low Rent Program	Capital Fund Program	Total
Current Assets			
Cash	44,083	0	44,083
Tenant Security Deposit Fund	6,916	0	6,916
Accounts Receivable - HUD	0	0	0
Tenant Accounts Receivable	117	0	117
Certificates of Deposit	55,101	0	55,101
Accrued Interest	55	0	55
Prepaid expenses	<u>1,269</u>	<u>0</u>	<u>1,269</u>
Total Current Assets	107,542	0	107,542
Deferred Outflows of Resources	10,256	0	10,256
Fixed Assets			
Land	14,278	0	14,278
Buildings	1,257,688	25,173	1,282,861
Equipment - dwellings	35,903	0	35,903
Equipment - administration & maintenance	72,215	8,609	80,825
Leasehold improvements	<u>249,955</u>	<u>0</u>	<u>249,955</u>
Total Fixed Assets	1,630,039	33,782	1,663,821
Accumulated depreciation	<u>(1,456,291)</u>	<u>(5,341)</u>	<u>(1,461,632)</u>
Net Fixed Assets	<u>173,747</u>	<u>28,441</u>	<u>202,189</u>
 TOTAL ASSETS	 291,545	 28,441	 319,986
LIABILITIES			
Current Liabilities			
Accounts Payable	1,906	0	1,906
Wages/Payroll Taxes Payable	2,697	0	2,697
Accrued Compensated Absences - current	5,161	0	5,161
Unearned Revenue	452	0	452
Other Accrued Liabilities	1,714	0	1,714
Tenant Security Deposits	<u>6,916</u>	<u>0</u>	<u>6,916</u>
Total Current Liabilities	18,846	0	18,846
Non Current Liabilities			
Accrued Compensated Absences	3,390	0	3,390
Net Pension Liability	<u>114,709</u>	<u>0</u>	<u>114,709</u>
 TOTAL LIABILITIES	 136,946	 0	 136,946
Deferred Inflows of Resources	21,316	0	21,316
Net Position			
Invested in capital assets	173,747	28,441	202,189
Unrestricted	<u>(40,464)</u>	<u>0</u>	<u>(40,464)</u>
TOTAL NET POSITION	<u>133,284</u>	<u>28,441</u>	<u>161,725</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended March 31, 2018

	Low Rent Program	Capital Funding Program	Total
Operating Revenues			
Dwelling rental	100,673		100,673
Other income	<u>10,683</u>	<u>0</u>	<u>10,683</u>
Total Tenant Revenue	111,356	0	111,356
HUD PHA Operating Grants	27,781	38,636	66,417
Investment Income - Unrestricted	362		362
Other Revenue	12,306		12,306
Gain (Loss) on fixed assets	<u>4</u>	<u>0</u>	<u>4</u>
Total Revenue	151,810	38,636	190,446
Operating Expenses			
Administrative	87,141		87,141
Utilities	28,690		28,690
Maintenance & Operations	48,637		48,637
Insurance	19,024		19,024
General	10,108		10,108
Unallocated Depreciation	<u>26,431</u>	<u>3,529</u>	<u>29,960</u>
Total Expenses	<u>220,030</u>	<u>3,529</u>	<u>223,559</u>
Operating Income (Loss)	(68,220)	35,107	(33,113)
Transfers	<u>38,636</u>	<u>(38,636)</u>	<u>0</u>
Change in Net Position	(29,584)	(3,529)	(33,113)
Net Position - Beginning	<u>162,868</u>	<u>31,970</u>	<u>194,838</u>
Net Position - Ending	<u><u>133,284</u></u>	<u><u>28,441</u></u>	<u><u>161,725</u></u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Statement of Cash Flows
Year Ended March 31, 2018

	Low Rent	Capital Fund	
	<u>Program</u>	<u>Program</u>	<u>Total</u>
Cash Flows From Operating Activities			
Rental receipts	101,230		101,230
Excess utilities	2,587		2,587
Interest income	105		105
Operating subsidy	30,981		30,981
Capital Funding	0	38,636	38,636
Operating transfers	38,636	(38,636)	0
Other income	<u>20,402</u>	<u>0</u>	<u>20,402</u>
Total Receipts	193,941	0	193,941
Administrative	(13,502)		(13,502)
Utilities	(28,426)		(28,426)
Salaries	(67,898)		(67,898)
Benefits	(19,397)		(19,397)
Maintenance & operating	(37,569)		(37,569)
Insurance	(18,735)		(18,735)
General	<u>124</u>	<u>0</u>	<u>124</u>
Total Expenditures	<u>(185,404)</u>	<u>0</u>	<u>(185,404)</u>
Cash Provided (Used) by Operating Activities	8,537	0	8,537
Cash Flows From Capital and Related Financing Activities			
Purchase of fixed assets	(23,208)		(23,208)
Sale of fixed assets	<u>100</u>	<u>0</u>	<u>100</u>
	(23,108)	0	(23,108)
Cash Flows From Investing Activities			
(Increase) decrease in certificates of deposit	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in cash	(14,571)	0	(14,571)
Cash Balance - Beginning of Year	<u>58,653</u>	<u>0</u>	<u>58,653</u>
Cash Balance - End of Year	<u>44,083</u>	<u>0</u>	<u>44,083</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Statement of Cash Flows
Year Ended March 31, 2018
(continued)

	Low Rent <u>Program</u>	Capital Fund <u>Program</u>	Total <u>Memo Only</u>
Cash Flows From Operating Activities			
Increase (Decrease) in Net Position	(29,584)	(3,529)	(33,113)
Adjustments to reconcile increase in net position to net cash provided by operating activities			
Depreciation	26,431	3,529	29,960
(Gain) Loss on assets	(4)		(4)
Non cash benefit expense	13,867		13,867
Interest income on Certificate of Deposit	(257)		(257)
Decrease (increase) in accounts receivable - HUD	3,200		3,200
Decrease (increase) in accounts receivable	353		353
(Decrease) increase in allowance for doubtful accounts	(235)		(235)
Decrease (increase) in prepaid expenses	287		287
(Decrease) increase in accounts payable	(7,327)		(7,327)
(Decrease) increase in accrued liabilities	<u>1,808</u>	<u>0</u>	<u>1,808</u>
Net Cash Provided by Operations	<u>8,537</u>	<u>(0)</u>	<u>8,537</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018

(1) Summary of Significant Accounting Policies:

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

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

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

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

The HUD Project Number is CO-026001.

B. Basis of Presentation

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

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

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

C. Assets, Liabilities and Equity

1. Deposits

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

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

2. Fixed Assets

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

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

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

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

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

3. Compensated Absences

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

4. Cash Equivalents

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

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

6. Current Vulnerability Due to Certain Concentrations

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

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

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

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

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

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

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

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

At March 31, 2018, the Authority's cash deposits were all covered by FDIC.

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

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

	Beginning			Ending Balance	Accumulated Depreciation	Net Fixed Assets
	Balance	Additions	Deletions			
Land	14,278	0	0	14,278	0	14,278
Leasehold improvements	249,955	0	0	249,955	221,082	28,873
Building	1,260,982	21,879	0	1,282,861	1,149,844	133,018
Equip -dwellings	35,987	915	999	35,903	19,454	16,449
Equip - admin	12,470	413	210	12,673	10,188	2,485
Equip - maint	56,021	0	0	56,021	48,936	7,085
Equip - community	729	0	0	729	729	0
Vehicles	<u>11,400</u>	<u>0</u>	<u>0</u>	<u>11,400</u>	<u>11,400</u>	<u>0</u>
Total	1,641,822	23,208	1,209	1,663,821	1,461,632	202,188

(4) OTHER INFORMATION

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

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

B. Subsequent events have been evaluated through June 1, 2018.

(5). DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The 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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and March 31, 2018.

General Information about the Pension Plan

Plan description. Eligible employees of the 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 as of December 31, 2017. 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.

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.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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

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 provisions as of the Housing Authority: Eligible employees and the Housing Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. 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 Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Housing Authority were \$8,904 for the year ended March 31, 2018.

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

At March 31, 2018, the Housing Authority reported a liability of \$114,709 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Housing Authority's proportion was 0.0103023325 percent, which was a decrease of 0.0001616985 from its proportion measured as of December 31, 2016.

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

For the year ended March 31, 2018, the Housing Authority recognized pension expense of \$27,335. At March 31, 2018, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	6,334	0
Changes of assumptions or other inputs	1,212	(2,056)
Net difference between projected and actual earnings on pension plan investments	0	22,297
Changes in proportion and differences between contributions recognized and proportionate share of contributions	160	1,075
Contributions subsequent to the measurement date	2,551	N/A
Total	10,257	21,316

\$2,551 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended March 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:	
March 31, 2019	(132)
March 31, 2020	-0-
March 31, 2021	-0-
March 31, 2022	-0-
March 31, 2023	-0-
Thereafter	-0-

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

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

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

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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.

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 for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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%	

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

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:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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	182,695	114,709	58,034

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Notes to the Financial Statements
March 31, 2018
(continued)

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

Other Post-Employment Benefits.

Health Care Trust Fund

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

Funding Policy - The Authority is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51 Part 4 of the C.R.S, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the year ended March 31, 2018, March 31, 2017, and March 31, 2016 were \$695, \$669 and \$590, equal to their required contributions for each year.

REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO

Other Information

Budgetary Comparison Schedule

Low Rent Program

Year Ended March 31, 2018

	<u>Budget (Non-GAAP)</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable- <u>(Unfavorable)</u>
Revenues				
Dwelling Rental	108,910	100,680	100,673	(7)
Excess Utilities	3,900	2,590	2,587	(3)
Interest Income	290	370	362	(8)
Laundry	0	410	404	(6)
Other Income	30,350	20,010	19,998	(12)
Gain (Loss) on Fixed Assets	0	0	4	4
Current Year Operating Subsidy	<u>0</u>	<u>27,790</u>	<u>27,781</u>	<u>(9)</u>
Total Revenues	143,450	151,850	151,810	(40)
Expenses				
Administrative				
Salaries	55,030	46,500	46,496	4
Benefits	0	15,500	27,144	(11,644)
Training & Travel	300	20	11	9
Accounting	2,950	2,480	2,475	5
Auditing	3,450	3,470	3,466	4
Sundry	0	1,780	1,778	2
Advertising & Marketing	0	220	213	7
Office Expenses	6,850	2,850	2,834	16
Telephone	0	2,160	2,153	7
Services Contract	<u>0</u>	<u>570</u>	<u>570</u>	<u>(0)</u>
Total Administrative Expenses	68,580	75,550	87,141	(11,591)
Tenant Services	100	0	0	0
Utilities				
Water	8,000	6,290	6,285	5
Electricity	12,500	11,080	11,077	3
Gas & Heat	15,000	8,670	8,661	9
Other Utilities	<u>0</u>	<u>2,670</u>	<u>2,667</u>	<u>3</u>
Total Utilities	35,500	28,710	28,690	20

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO

Other Information

Budgetary Comparison Schedule

Low Rent Program

Year Ended March 31, 2018

(continued)

	Budget (Non-GAAP)		Actual	Variance
	Original	Final		Favorable- (Unfavorable)
Maintenance & Operations				
Labor	15,000	12,540	12,540	0
Benefits	0	3,420	6,368	(2,948)
Materials	7,500	8,860	8,852	8
Contract Costs	15,600	18,810	18,773	37
Garbage & Trash Removal	<u>0</u>	<u>2,110</u>	<u>2,105</u>	<u>5</u>
Total Maintenance & Operations	38,100	45,740	48,637	(2,897)
General Expenses				
Insurance	18,800	19,050	19,024	26
Compensated Absences	16,010	10,240	10,232	8
Collection Losses	<u>500</u>	<u>0</u>	<u>(124)</u>	<u>124</u>
Total General Expenses	<u>35,310</u>	<u>29,290</u>	<u>29,132</u>	<u>158</u>
Total Expenses Prior to Depreciation	<u>177,590</u>	<u>179,290</u>	<u>193,599</u>	<u>(14,309)</u>
Depreciation			<u>26,431</u>	
Total Expenditures			<u>220,030</u>	
Revenues over (under) Expenditures			(68,220)	
Equity Transfers			38,636	
Net Position - Beginning			162,868	
Prior Year Adjustment			<u>0</u>	
Net Position - Ending			<u>133,284</u>	

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion (percentage) of the collective net pension liability	0.0103023325	0.0104640310%	0.0101919317%	0.0100421574%
Proportionate share of the collective net pension liability	114,709	141,300	112,272	90,008.76
Covered payroll	64,992	63,885	57,882	4,585.58
Proportionate share of the net pension liability as a percentage of its covered employee payroll	176.50%	221.18%	193.97%	1962.87%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	73.60%	76.90%	80.70%

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

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

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

As of March 31	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	9,336	8,317	7,339	2,326
Contributions in relation to the statutorily required contribution	<u>9,336</u>	<u>8,317</u>	<u>7,339</u>	<u>2,326</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	68,150	65,591	57,882	18,342
Contributions as a percentage of covered-employee payroll	13.70%	12.68%	12.68%	12.68%

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

OTHER INFORMATION

FINANCIAL DATA SCHEDULES

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
Financial Data Schedule - Balance Sheet Data
Year Ended March 31, 2018

	<u>Low</u> <u>Rent</u>	<u>Capital</u> <u>Funding</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash - Unrestricted	44,083		44,083
Cash - Tenant Security Deposits	<u>6,916</u>	<u>0</u>	<u>6,916</u>
Total Cash	50,999	0	50,999
Receivables			
Accounts Receivable - Other	0		0
Accounts Receivable - Tenants	117		117
Allowance For Doubtful Accounts	0		0
Accrued Interest Receivable	<u>55</u>	<u>0</u>	<u>55</u>
Total Receivables	172	0	172
Investments - Unrestricted	55,101		55,101
Prepaid Expenses	<u>1,269</u>	<u>0</u>	<u>1,269</u>
Total Current Assets	107,542	0	107,542
DEFERRED OUTFLOWS OF RESOURCES	10,256	0	10,256
Noncurrent Assets			
Land	14,278		14,278
Buildings	1,257,688	25,173	1,282,861
Furniture, Equipment & Machinery - Dwellings	35,903		35,903
Furniture, Equipment & Machinery - Administration	72,215	8,609	80,825
Leasehold Improvements	249,955		249,955
Accumulated Depreciation	<u>(1,456,291)</u>	<u>(5,341)</u>	<u>(1,461,632)</u>
Total Fixed Assets	<u>173,747</u>	<u>28,441</u>	<u>202,189</u>
TOTAL ASSETS	<u>291,545</u>	<u>28,441</u>	<u>319,986</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Financial Data Schedule - Balance Sheet Data
 Year Ended March 31, 2018
 (continued)

	<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS AND EQUITY			
Current Liabilities			
312	Accounts Payable	1,906	1,906
321	Accrued Wages/Payroll Taxes	2,697	2,697
322	Accrued Compensated Absences	5,161	5,161
341	Tenant Security Deposits	6,916	6,916
342	Deferred Revenue	452	0 452
346	Accrued Liabilities - Other	<u>1,714</u>	<u>1,714</u>
310	Total Current Liabilities	18,846	0 18,846
Non Current Liabilities			
354	Accrued Compensated Absences	3,390	0 3,390
	Net Pension Liability	<u>114,709</u>	<u>0</u> <u>114,709</u>
300	TOTAL LIABILITIES	136,946	0 136,946
	DEFERRED INFLOWS OF RESOURCES	21,316	0 21,316
Equity			
508.4	Invested In Capital Assets	173,747	28,441 202,189
512.4	Unrestricted Net Assets	<u>(40,464)</u>	<u>0</u> <u>(40,464)</u>
513	Total Net Assets	<u>133,284</u>	<u>28,441</u> <u>161,725</u>
600	TOTAL LIABILITIES AND NET ASSETS	<u>291,545</u>	<u>28,441</u> <u>319,986</u>

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Financial Data Schedule - Revenues and Expenses
 Year Ended March 31, 2018

		<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
REVENUES				
70300	Net Tenant Rental Revenue	100,673		100,673
70400	Tenant Revenue - Other	<u>10,683</u>		<u>10,683</u>
70500	Total Tenant Revenue	111,356	0	111,356
70600	HUD PHA Operating Grants	27,781	38,636	66,417
70610	HUD Capital Funding	0	0	0
71100	Investment Income - Unrestricted	362		362
71500	Other Revenue	12,306		12,306
71600	Gain (Loss) on Fixed Assets	<u>4</u>	<u>0</u>	<u>4</u>
70000	TOTAL REVENUE	151,810	38,636	190,446
EXPENSES				
Administrative				
91100	Salaries	46,496		46,496
91200	Auditing Costs	3,466		3,466
91400	Advertising & Marketing	213		213
91500	Employee Benefits	27,144		27,144
91600	Office Expenses	4,745		4,745
91700	Legal	813		813
91800	Travel	11		11
91900	Other	4,253		4,253
92400	Tenant Services	0		0
Utilities				
93100	Water	6,285		6,285
93200	Electricity	11,077		11,077
93300	Gas	8,661		8,661
93600	Sewer	2,667		2,667
Ordinary Maintenance & Operations				
94100	Labor	12,540		12,540
94200	Materials & Other	8,852		8,852
94300-010	Garbage & Trash Removal	2,105		2,105
94300-030	Landscape & Grounds Contract	501		501
94300-050	Unit Turnaround	425		425
94300-060	Electrical Contract	1,214		1,214

HOUSING AUTHORITY OF THE TOWN OF CHEYENNE WELLS, COLORADO
 Financial Data Schedule - Revenues and Expenses
 Year Ended March 31, 2018
 (continued)

	<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
94300-080 Plumbing Contracts	713		713
94300-090 Exterminating Contracts	3,394		3,394
94300-100 Janitorial Contracts	0		0
94300-120 Miscellaneous Contracts	12,526		12,526
94500 Employee Benefits	6,368		6,368
	General Expenses		
96110 Property Insurance	14,180		14,180
96120 Liability Insurance	2,271		2,271
96130 Worker's Compensation	2,204		2,204
96140 Other Insurance	369		369
96210 Compensated Absences	10,232		10,232
96400 Bad Debts	<u>(124)</u>	<u>0</u>	<u>(124)</u>
96900 Total Operating Expenses	<u>193,599</u>	<u>0</u>	<u>193,599</u>
97000 Excess Operating Revenue Over Operating Expenses	(41,790)	38,636	(3,154)
97400 Depreciation Expense	<u>26,431</u>	<u>3,529</u>	<u>29,960</u>
90000 Total Expenses	<u>220,030</u>	<u>3,529</u>	<u>223,559</u>
10000 Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(68,220)	35,107	(33,113)
11030 Beginning Equity	162,868	31,970	194,838
11040 Equity Transfer	<u>38,636</u>	<u>(38,636)</u>	<u>0</u>
Ending Equity	<u>133,284</u>	<u>28,441</u>	<u>161,725</u>