

**HOUSING AUTHORITY OF THE CITY OF
WRAY, COLORADO**

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

Year Ended March 31, 2018

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



LOCAL HOUSING AUTHORITY

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MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2018

This section of the Housing Authority of the City of Wray, Colorado's annual financial report presents our 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 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 March 31, 2018 was \$1,317,574. The net position increased by \$191,159, an increase of 17% over the prior year. Of this amount, \$115,712 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 \$269,857 for the year ended March 31, 2018. This was a decrease of (\$6,556) or 2% from the prior year.

Operating expenses for the Authority were \$455,664 for the year ended March 31, 2018. This was an increase of \$22,178 or 5% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

**HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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.

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 March 31, 2018 is required to be included in the audit reporting package.

**HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2018**

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2018	FY 2017	Dollar Change	Percent Change
Current and other assets	\$ 493,406	\$ 389,329	\$ 104,077	27%
Capital assets	1,043,088	953,946	89,142	9%
Total Assets	<u>1,536,494</u>	<u>1,343,275</u>	<u>193,219</u>	<u>14%</u>
Deferred Outflows of Resources	<u>14,252</u>	<u>28,333</u>	<u>(14,081)</u>	<u>-50%</u>
Current liabilities	32,081	31,621	460	1%
Other liabilities	168,365	212,957	(44,592)	-21%
Total Liabilities	<u>200,446</u>	<u>244,578</u>	<u>(44,132)</u>	<u>-18%</u>
Deferred Inflows of Resources	<u>32,726</u>	<u>616</u>	<u>32,110</u>	<u>5213%</u>
Net Position				
Net investment in capital assets	1,043,088	953,946	89,142	9%
Restricted	158,774	-	158,774	100%
Unrestricted	115,712	172,469	(56,757)	-33%
Total Net Position	<u>\$ 1,317,574</u>	<u>\$ 1,126,415</u>	<u>\$ 191,159</u>	<u>17%</u>

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,317,574 at the close of the year ended March 31, 2018. This represents an increase of \$191,159 which is an increase of 17% over the prior year. The majority of the increase was attributed to the receipt of insurance proceeds of \$248,423 as the result of storm damage to the housing units.

Current and other assets increased by \$104,077. This was attributed to operations before depreciation of \$47,921, the receipt of insurance proceeds of \$248,423 and offset by non-capital grant funds used for capital improvements of (\$153,313) which resulted in a net increase in cash and investments of \$146,658. In addition, the amount receivable from HUD decreased by (\$5,220) which is merely the result of when funds are requisitioned.

Current liabilities increased by \$460. There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

Other liabilities decreased by (\$44,592) which was the change in the Net Pension Liability from the prior year which represents the Authority's proportionate share of 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). The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

**HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2018**

FINANCIAL ANALYSIS (CONT'D)

Unrestricted net position as of March 31, 2018 was \$115,712. 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. 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.

As of March 31, 2018, the Authority had net position of \$158,774 restricted for repairs to the property as the result of storm damage. The net position is restricted by the ACC contract with HUD.

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 2018</u>	<u>FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental	\$ 176,828	\$ 182,736	\$ (5,908)	-3%
HUD program contributions	155,878	144,616	11,262	8%
Other	4,433	6,537	(2,104)	-32%
General revenue:				
Interest	3,659	3,534	125	4%
Total Revenues	<u>340,798</u>	<u>337,423</u>	<u>3,375</u>	<u>1%</u>
Expenses				
Depreciation	120,564	118,717	1,847	2%
Operating	335,100	314,769	20,331	6%
Nonoperating	1,255	-	1,255	100%
Total Expenses	<u>456,919</u>	<u>433,486</u>	<u>23,433</u>	<u>5%</u>
Excess (deficiency) before contributions and special items	(116,121)	(96,063)	(20,058)	21%
Capital Contributions	58,857	43,741	15,116	
Special Items:				
Casualty loss income-storm damage	248,423	-	248,423	
Changes in Net Position	191,159	(52,322)	243,481	
Beginning Net Position	1,126,415	1,178,737	(52,322)	
Ending Net Position	<u>\$ 1,317,574</u>	<u>\$ 1,126,415</u>	<u>\$ 191,159</u>	

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2018

FINANCIAL ANALYSIS (CONT'D)

As can be seen on the previous page, total revenues increased by \$3,375, primarily due to the increase in Federal operating grants of \$11,262 or 8%. This was offset by a decrease of (\$5,908) or 3% in rental income which was not attributed to any unusual or significant event, only the normal fluctuation from year-to-year based on occupancy and rent composition.

HUD operating subsidy for the Authority was \$55,343 for the year ended March 31, 2018. This was a decrease of (\$2,133) 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 \$11,939 of HUD capital grants for operations for the fiscal year ended March 31, 2018 compared to zero 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 \$335,100 for the year ended March 31, 2018. This was an increase of \$20,331 or 6% over the prior year. The most significant increase was in maintenance costs which increased by \$24,588 over the prior year. There were increased maintenance costs due to more snow removal, increase in exterminating cost, higher unit turnover costs, hail storm cleanup, lighting, and a new heating system. Increase in maintenance costs and materials contributed to the overall costs of maintenance.

HUD capital contributions were \$58,857 for the year ended March 31, 2018. This was an increase of \$15,116 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

The occupancy rate as of March 31, 2018 was 97%.

CAPITAL ASSETS

The Authority's net investment in capital assets as of March 31, 2018 amounts to \$1,043,088. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total increase in the Authority's net investment in capital assets for the current fiscal year was 9% in terms of net book value. The actual amount to purchase or construct capital assets was \$213,060 for the year. Depreciation charges for the year totaled \$120,564. Additional information on the Authority's capital assets can be found in Note H of the notes to the basic financial statements of this report.

The Housing Authority is replacing carpet if a tenant moves out and the carpet is at least 8 years old and the apartments are painted when someone moves out after at least 8 years. Blinds are replaced every time a tenant moves out. We are using capital fund money to install walk in showers and refinishing kitchen cabinets as needed. The Authority replaced and poured new patios and sidewalks. The fiberglass awnings were replaced with metal awnings. Annual inspections are also done yearly with USIG.

**HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2018**

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 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, Wray Housing Authority, P.O. Box 373, Wray, Colorado 80758.

INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing Authority of the City of Wray, Colorado

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Wray, Colorado as of and for the year ended March 31, 2018, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Wray, 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 City of Wray, Colorado as of March 31, 2018, 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 City of Wray, 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 December 6, 2018 on our consideration of the Housing Authority of the City of Wray, 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 City of Wray, 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 City of Wray, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
December 6, 2018

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
March 31, 2018

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 70,298
Investments	238,638
Accounts receivable, net	443
Due from other governments	2,400
Accrued interest receivable	1,540
Prepaid insurance	5,637
<i>Restricted:</i>	
Cash and cash equivalents	<u>174,450</u>
TOTAL CURRENT ASSETS	493,406
 NONCURRENT ASSETS:	
Capital Assets, non-depreciable	150,500
Capital Assets, depreciable, net	<u>892,588</u>
TOTAL NONCURRENT ASSETS	1,043,088
TOTAL ASSETS	<u>1,536,494</u>
 DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferred outflows of resources	<u>14,252</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>14,252</u>
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	6,438
Accrued payroll and benefits payable	4,315
Tenant security deposits payable	15,676
Compensated absences payable	4,754
Unearned revenue	<u>898</u>
TOTAL CURRENT LIABILITIES	<u>32,081</u>
 NONCURRENT LIABILITIES:	
Net pension liability	<u>168,365</u>
TOTAL NONCURRENT LIABILITIES	<u>168,365</u>
TOTAL LIABILITIES	<u>200,446</u>
 DEFERRED INFLOWS OF RESOURCES:	
Pension related deferred inflows of resources	<u>32,726</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>32,726</u>
 NET POSITION	
Net investment in capital assets	1,043,088
Restricted	158,774
Unrestricted	<u>115,712</u>
TOTAL NET POSITION	<u><u>\$ 1,317,574</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended March 31, 2018

	<u>Housing</u>
OPERATING REVENUES	
Rental income	\$ 176,828
HUD Section 8 program income	88,596
Other income	<u>4,433</u>
TOTAL OPERATING REVENUES	269,857
OPERATING EXPENSES	
Administrative	87,092
Tenant services	2,445
Utilities	48,436
Ordinary maintenance and operations	169,728
General expense	27,399
Depreciation	<u>120,564</u>
TOTAL OPERATING EXPENSES	<u>455,664</u>
OPERATING INCOME (LOSS)	<u>(185,807)</u>
NONOPERATING REVENUES (EXPENSES)	
HUD operating subsidy	55,343
HUD capital grants - operations	11,939
Interest income	3,659
Loss on capital asset dispositions	<u>(1,255)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>69,686</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	(116,121)
CAPITAL CONTRIBUTIONS	
HUD capital fund grants	58,857
SPECIAL ITEMS	
Casualty loss income - Insurance proceeds, storm damage	<u>248,423</u>
INCREASE (DECREASE) IN NET POSITION	191,159
NET POSITION	
Net position, beginning balance	<u>1,126,415</u>
TOTAL NET POSITION - ENDING BALANCE	<u>\$ 1,317,574</u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended March 31, 2018

	Housing
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 177,937
HUD Section 8 program receipts	88,596
Other receipts	4,433
Tenant security deposits	539
Cash payments for goods and services	(173,565)
Cash payments to employees for services	(121,631)
	(23,691)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(23,691)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	55,343
HUD capital grants-operations	16,269
Insurance proceeds - storm damage	248,423
	320,035
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	320,035
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(213,060)
HUD capital fund grants	59,747
	(153,313)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(153,313)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (deposits) withdrawals to investments	(3,536)
Interest received	3,627
	91
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	91
NET INCREASE (DECREASE) IN CASH	143,122
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	101,626
	244,748
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 244,748

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended March 31, 2018

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (185,807)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	120,564
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	703
(Increase) decrease in prepaid insurance	5,919
(Increase) decrease in deferred outflows of resources	14,081
Increase (decrease) in accounts payable	(3,324)
Increase (decrease) in tenant security deposits	539
Increase (decrease) in accrued payroll and benefits	593
Increase (decrease) in accrued compensated absences	622
Increase (decrease) in unearned revenue	406
Increase (decrease) in net pension liability	(10,097)
Increase (decrease) in deferred inflows of resources	<u>32,110</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>(23,691)</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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 CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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 41-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.

Lincoln Terrace Program - This program accounts for the operation, maintenance, and development of a 20-unit project. The project is funded by tenant rents and HUD Section 8 Contributions. The program funds rental assistance payments to eligible low-income housing participants.

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 CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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 received. 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 CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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 CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

Compensated Absences

The Authority's policy allows employees to accumulate unused vacation leave for 90 days past their date of hire. Any vacation time not taken is lost by year end and no monetary compensation will be given. Employees who are terminated or resign will be paid for any earned vacation time. 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 March 31, 2018, the Authority's carrying amount of deposits was \$483,256 and the bank balances were \$537,692. The Authority had cash on hand of \$130 as of March 31, 2018. 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. All of the bank balances were covered by FDIC insurance.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at March 31, 2018 are as follows:

Tenants	\$	878
Allowance for doubtful accounts		<u>(435)</u>
	\$	<u>443</u>

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2018 is as follows:

HUD – capital fund grants	\$	<u>2,400</u>
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NOTE E – RESTRICTED ASSETS

A summary of restricted cash and cash equivalents as presented in the Statement of Net Position at March 31, 2018 is as follows:

Tenant security deposits	\$	15,676
Insurance proceeds, storm damage repairs		<u>158,774</u>
	\$	<u>174,450</u>

NOTE F – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at March 31, 2018 is as follows:

Vendors and contractors	\$	<u>6,438</u>
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NOTE G – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2018 is as follows:

Tenant prepaid rents	\$	<u>898</u>
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HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2018, was as follows:

	Balance 4/1/2017	Increases	Decreases	Balance 3/31/2018
Non-depreciable assets:				
Land	\$ 135,129	\$ -	\$ -	\$ 135,129
Construction in progress	-	58,857	(43,486)	15,371
Total non-depreciable assets	<u>135,129</u>	<u>58,857</u>	<u>(43,486)</u>	<u>150,500</u>
Depreciable assets				
Buildings	2,921,795	195,589	-	3,117,384
Equipment - Dwelling	74,145	-	(7,758)	66,387
Equipment - Administration	95,077	4,554	-	99,631
Total depreciable assets	<u>3,091,017</u>	<u>200,143</u>	<u>(7,758)</u>	<u>3,283,402</u>
Total Capital Assets	<u>3,226,146</u>	<u>259,000</u>	<u>(51,244)</u>	<u>3,433,902</u>
Accumulated depreciation				
Buildings	2,136,754	109,670	-	2,246,424
Equipment - Dwelling	61,409	2,448	(4,546)	59,311
Equipment - Administration	74,036	11,043	-	85,079
Total accumulated depreciation	<u>2,272,199</u>	<u>123,161</u>	<u>(4,546)</u>	<u>2,390,814</u>
Depreciable assets, net	<u>818,818</u>	<u>76,982</u>	<u>(3,212)</u>	<u>892,588</u>
Capital assets, net	<u>\$ 953,947</u>	<u>\$ 135,839</u>	<u>\$ (46,698)</u>	<u>\$ 1,043,088</u>

NOTE I—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.
- **Restricted Net Position** – This category represents net position of the Agency that are restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

As of March 31, 2018, the Authority had net position of \$158,774 restricted for repairs to the property as the result of storm damage. The net position is restricted by the ACC contract with HUD.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

NOTE I – NET POSITION (CONT'D)

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

NOTE J – 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 K - 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 March 31, 2018, 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 L – DEFINED BENEFIT PENSION PLAN

Pensions. The Wray 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 the fiscal year end of the Wray Housing Authority which is March 31, 2018.*

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

General Information about the Pension Plan

Plan description. Eligible employees of the Wray 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.

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.

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

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

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 March 31, 2018: Eligible employees and the Wray 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 Wray Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Wray Housing Authority were \$12,144 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 Wray Housing Authority reported a liability of \$168,365 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

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

total pension liability to December 31, 2017. The Wray Housing Authority proportion of the net pension liability was based on Wray 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 Wray Housing Authority's proportion was .0151212606 percent, which was a decrease of .00064933 percent change from its proportion measured as of December 31, 2016.

For the year ended March 31, 2018, the Authority recognized pension expense of \$38,639. At March 31, 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,779	\$ --
Difference between expected and actual experience	\$ 10,533	\$ --
Difference between projected and actual earnings on pension plan investments	\$ 15,813	\$ 32,726
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ (17,471)	\$ --
Contributions paid to PERA subsequent to the measurement date – Jan. 1, 2018 thru Mar. 31, 2018	\$ 3,598	\$ --
Total	<u>\$ 14,252</u>	<u>\$ 32,726</u>

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:	
2019	\$ (6,145)
2020	(6,145)
2021	(6,144)
2022	(2,177)
2023	(784)
Thereafter	(677)
	<u>\$ (22,072)</u>

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

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

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

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

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%	

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

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

- 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 Wray 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	268,150	168,365	85,179

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.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

Payables to the Pension Plan

At March 31, 2018, the Authority had payables of \$1,950 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.

Changes between the measurement date of the net pension liability and March 31, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through 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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At March 31, 2018, the Wray Housing Authority reported a liability of \$168,365 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Wray Housing Authority's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2018

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

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$119,087

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

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

PERA Pension Plan Year Ended	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered- Payroll	Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2013	0.0198907969%	\$ 200,684	\$ 106,119	189%	78%
12/31/2014	0.0203656916%	\$ 182,540	\$ 111,594	164%	81%
12/31/2015	0.0189890787%	\$ 209,180	\$ 107,843	194%	77%
12/31/2016	0.0157705905%	\$ 212,957	\$ 95,589	223%	74%
12/31/2017	0.0151212606%	\$ 168,365	\$ 94,443	178%	79%

* - 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.

See accompanying notes to required supplemental information.

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

Authority's Fiscal Year Ended	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered- Payroll	Contributions as a percentage of Covered- Payroll
3/31/2014	\$ 13,456	\$ 13,456	\$ -	\$ 106,119	12.68%
3/31/2015	\$ 14,150	\$ 14,150	\$ -	\$ 111,594	12.68%
3/31/2016	\$ 13,674	\$ 13,674	\$ -	\$ 107,843	12.68%
3/31/2017	\$ 12,121	\$ 12,121	\$ -	\$ 95,589	12.68%
3/31/2018	\$ 12,144	\$ 12,144	\$ -	\$ 95,774	12.68%

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

See accompanying notes to required supplemental information.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
March 31, 2018

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

2017 Changes in Plan Provisions Since 2016

Following the 2018 legislative session, Governor Hickenlooper signed into law SB 18-200, which includes the following reforms:

- Incrementally increases the member contribution percentage a total of 2.00 percent as follows:
 - .75 percent on July 1, 2019
 - .75 percent on July 1, 2020
 - .50 percent on July 1, 2021
- Increase employer contributions 0.25 percent on July 1, 2019, for all divisions except for the Local Government Division.
- PERA will receive an annual direct distribution from the State in the amount of \$225 million (in actual dollars). The distribution will occur on July 1, 2018 and on July 1 each year thereafter until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.
- Beginning January 1, 2021, and every year thereafter, employer contribution rates for the State and Local Government Divisions will be adjusted to include a defined contribution supplement. The defined contribution supplement for these two divisions will be the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon, expressed as a percentage of salary on which employer contributions have been made.

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

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
March 31, 2018

NOTE A – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION (CONT'D)

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:

2017 Changes in Assumptions or Other Inputs Since 2016

There are no changes in economic and demographic actuarial assumptions incorporated into the actuarial valuation as of December 31, 2017, since the last actuarial valuation as of December 31, 2016.

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.
- 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.

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
March 31, 2018

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

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 CITY OF WRAY, COLORADO
PROGRAM SCHEDULE OF NET POSITION
March 31, 2018

	Public Housing	Lincoln Terrace	Totals
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,510	\$ 68,788	\$ 70,298
Investments	238,638	-	238,638
Accounts receivable, net	408	35	443
Due from other governments	2,400	-	2,400
Accrued interest receivable	1,540	-	1,540
Prepaid insurance	2,179	3,458	5,637
<i>Restricted:</i>			
Cash and cash equivalents	169,014	5,436	174,450
TOTAL CURRENT ASSETS	415,689	77,717	493,406
NONCURRENT ASSETS:			
Capital Assets, non-depreciable	66,871	83,629	150,500
Capital Assets, depreciable, net	555,800	336,788	892,588
TOTAL NONCURRENT ASSETS	622,671	420,417	1,043,088
TOTAL ASSETS	1,038,360	498,134	1,536,494
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows of resources	9,550	4,702	14,252
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,550	4,702	14,252
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	4,490	1,948	6,438
Accrued payroll and benefits payable	4,315	-	4,315
Tenant security deposits payable	10,240	5,436	15,676
Compensated absences payable	3,170	1,584	4,754
Unearned revenue	864	34	898
TOTAL CURRENT LIABILITIES	23,079	9,002	32,081
NONCURRENT LIABILITIES:			
Net pension liability	112,815	55,550	168,365
TOTAL NONCURRENT LIABILITIES	112,815	55,550	168,365
TOTAL LIABILITIES	135,894	64,552	200,446
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows of resources	21,928	10,798	32,726
TOTAL DEFERRED INFLOWS OF RESOURCES	21,928	10,798	32,726
NET POSITION			
Net investment in capital assets	622,671	420,417	1,043,088
Restricted	158,774	-	158,774
Unrestricted	108,643	7,069	115,712
TOTAL NET POSITION	\$ 890,088	\$ 427,486	\$ 1,317,574

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended March 31, 2018

	Public Housing	Lincoln Terrace	Totals
OPERATING REVENUES			
Rental income	\$ 119,457	\$ 57,371	\$ 176,828
HUD Section 8 program income	-	88,596	88,596
Other income	6,242	4,191	10,433
TOTAL OPERATING REVENUES	125,699	150,158	275,857
OPERATING EXPENSES			
Administrative	56,454	36,638	93,092
Tenant services	851	1,594	2,445
Utilities	26,851	21,585	48,436
Ordinary maintenance and operations	110,898	58,830	169,728
General expense	14,451	12,948	27,399
Depreciation	77,069	43,495	120,564
TOTAL OPERATING EXPENSES	286,574	175,090	461,664
OPERATING INCOME (LOSS)	(160,875)	(24,932)	(185,807)
NONOPERATING REVENUES (EXPENSES)			
HUD operating subsidy	55,343	-	55,343
HUD capital grants - operations	11,939	-	11,939
Interest income	3,568	91	3,659
Loss on capital asset dispositions	(1,255)	-	(1,255)
TOTAL NONOPERATING REVENUES (EXPENSES)	69,595	91	69,686
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	(91,280)	(24,841)	(116,121)
CAPITAL CONTRIBUTIONS			
HUD capital fund grants	58,857	-	58,857
SPECIAL ITEMS			
Casualty loss income - Insurance proceeds, storm damage	168,680	79,743	248,423
INCREASE (DECREASE) IN NET POSITION	136,257	54,902	191,159
NET POSITION			
Net position, beginning balance	693,936	432,479	1,126,415
Prior period adjustments	59,895	(59,895)	-
Net position, beginning balance, restated	753,831	372,584	1,126,415
TOTAL NET POSITION - ENDING BALANCE	\$ 890,088	\$ 427,486	\$ 1,317,574

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended March 31, 2018

	Public Housing	Lincoln Terrace	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rental receipts	\$ 120,539	\$ 57,398	\$ 177,937
HUD Section 8 program receipts	-	88,596	88,596
Other receipts	6,242	4,191	10,433
Tenant security deposits	(246)	785	539
Cash payments for goods and services	(96,201)	(83,364)	(179,565)
Cash payments to employees for services	(74,268)	(47,363)	(121,631)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(43,934)	20,243
		20,243	(23,691)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
HUD operating subsidy	55,343	-	55,343
HUD capital grants - operations	16,269	-	16,269
Transfer	(31,415)	31,415	-
Insurance proceeds - storm damage	168,680	79,743	248,423
	NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	208,877	111,158
		111,158	320,035
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases and construction of capital assets	(63,800)	(149,260)	(213,060)
HUD capital fund grants	59,747	-	59,747
	NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,053)	(149,260)
		(149,260)	(153,313)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (deposits) withdrawals to investments	(3,536)	-	(3,536)
Interest received	3,536	91	3,627
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	91
	NET INCREASE (DECREASE) IN CASH	160,890	(17,768)
		160,890	143,122
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,634	91,992	101,626
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 170,524	\$ 74,224	\$ 244,748

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended March 31, 2018

	Public Housing	Lincoln Terrace	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (160,875)	\$ (24,932)	\$ (185,807)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	77,069	43,495	120,564
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	338	365	703
(Increase) decrease in prepaid insurance	5,525	394	5,919
(Increase) decrease in deferred outflows of resources	31,023	(16,942)	14,081
Increase (decrease) in accounts payable	(3,798)	474	(3,324)
Increase (decrease) in tenant security deposits	(246)	785	539
Increase (decrease) in accrued payroll and benefits	593	-	593
Increase (decrease) in accrued compensated absences	415	207	622
Increase (decrease) in unearned revenue	744	(338)	406
Increase (decrease) in net pension liability	(16,236)	6,139	(10,097)
Increase (decrease) in deferred inflows of resources	21,514	10,596	32,110
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (43,934)	\$ 20,243	\$ (23,691)

**SUPPLEMENTAL INFORMATION –
FINANCIAL DATA SCHEDULE**

Housing Authority of the City of Wray (CO022)
WRAY, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,510	\$68,788	\$70,298		\$70,298
113 Cash - Other Restricted	\$158,774		\$158,774		\$158,774
114 Cash - Tenant Security Deposits	\$10,240	\$5,436	\$15,676		\$15,676
100 Total Cash	\$170,524	\$74,224	\$244,748		\$244,748
122 Accounts Receivable - HUD Other Projects	\$2,400		\$2,400		\$2,400
126 Accounts Receivable - Tenants	\$843	\$35	\$878		\$878
126.1 Allowance for Doubtful Accounts - Tenants	-\$435	\$0	-\$435		-\$435
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0
129 Accrued Interest Receivable	\$1,540		\$1,540		\$1,540
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,348	\$35	\$4,383		\$4,383
131 Investments - Unrestricted	\$238,638		\$238,638		\$238,638
142 Prepaid Expenses and Other Assets	\$2,179	\$3,458	\$5,637		\$5,637
150 Total Current Assets	\$415,689	\$77,717	\$493,406		\$493,406
161 Land	\$51,500	\$83,629	\$135,129		\$135,129
162 Buildings	\$2,000,069	\$1,117,315	\$3,117,384		\$3,117,384
163 Furniture, Equipment & Machinery - Dwellings	\$50,697	\$15,690	\$66,387		\$66,387
164 Furniture, Equipment & Machinery - Administration	\$61,913	\$37,718	\$99,631		\$99,631
166 Accumulated Depreciation	-\$1,556,879	-\$833,935	-\$2,390,814		-\$2,390,814
167 Construction in Progress	\$15,371		\$15,371		\$15,371
160 Total Capital Assets, Net of Accumulated Depreciation	\$622,671	\$420,417	\$1,043,088		\$1,043,088
180 Total Non-Current Assets	\$622,671	\$420,417	\$1,043,088		\$1,043,088
200 Deferred Outflow of Resources	\$9,550	\$4,702	\$14,252		\$14,252
290 Total Assets and Deferred Outflow of Resources	\$1,047,910	\$502,836	\$1,550,746		\$1,550,746
312 Accounts Payable <= 90 Days	\$3,050	\$825	\$3,875		\$3,875
321 Accrued Wage/Payroll Taxes Payable	\$4,315		\$4,315		\$4,315
322 Accrued Compensated Absences - Current Portion	\$3,170	\$1,584	\$4,754		\$4,754
341 Tenant Security Deposits	\$10,240	\$5,436	\$15,676		\$15,676
342 Unearned Revenue	\$864	\$34	\$898		\$898
346 Accrued Liabilities - Other	\$1,440	\$1,123	\$2,563		\$2,563
310 Total Current Liabilities	\$23,079	\$9,002	\$32,081		\$32,081
357 Accrued Pension and OPEB Liabilities	\$112,815	\$55,550	\$168,365		\$168,365
350 Total Non-Current Liabilities	\$112,815	\$55,550	\$168,365		\$168,365
300 Total Liabilities	\$135,894	\$64,552	\$200,446		\$200,446
400 Deferred Inflow of Resources	\$21,928	\$10,798	\$32,726		\$32,726
508.4 Net Investment in Capital Assets	\$622,671	\$420,417	\$1,043,088		\$1,043,088
511.4 Restricted Net Position	\$158,774		\$158,774		\$158,774
512.4 Unrestricted Net Position	\$108,643	\$7,069	\$115,712		\$115,712
513 Total Equity - Net Assets / Position	\$890,088	\$427,486	\$1,317,574		\$1,317,574
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,047,910	\$502,836	\$1,550,746		\$1,550,746

Housing Authority of the City of Wray (CO022)
WRAY, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$106,614	\$56,240	\$162,854		\$162,854
70400 Tenant Revenue - Other	\$12,843	\$1,131	\$13,974		\$13,974
70500 Total Tenant Revenue	\$119,457	\$57,371	\$176,828	\$0	\$176,828
70600 HUD PHA Operating Grants	\$67,282	\$88,596	\$155,878		\$155,878
70610 Capital Grants	\$58,857		\$58,857		\$58,857
71100 Investment Income - Unrestricted	\$3,568	\$91	\$3,659		\$3,659
71500 Other Revenue	\$6,243	\$4,191	\$10,434	-\$6,000	\$4,434
71600 Gain or Loss on Sale of Capital Assets	-\$1,255		-\$1,255		-\$1,255
70000 Total Revenue	\$254,152	\$160,249	\$404,401	-\$6,000	\$398,401
91100 Administrative Salaries	\$27,915	\$13,958	\$41,873		\$41,873
91200 Auditing Fees	\$2,400	\$1,350	\$3,750		\$3,750
91400 Advertising and Marketing	\$53	\$29	\$82		\$82
91500 Employee Benefit contributions - Administrative	\$13,526	\$7,604	\$21,130		\$21,130
91600 Office Expenses	\$7,290	\$8,412	\$15,702	-\$6,000	\$9,702
91700 Legal Expense	\$24		\$24		\$24
91800 Travel	\$224	\$112	\$336		\$336
91900 Other	\$5,022	\$5,173	\$10,195		\$10,195
91000 Total Operating - Administrative	\$56,454	\$36,638	\$93,092	-\$6,000	\$87,092
92400 Tenant Services - Other	\$851	\$1,594	\$2,445		\$2,445
92500 Total Tenant Services	\$851	\$1,594	\$2,445	\$0	\$2,445
93100 Water	\$5,267	\$3,703	\$8,970		\$8,970
93200 Electricity	\$12,576	\$9,341	\$21,917		\$21,917
93300 Gas	\$4,274	\$3,961	\$8,235		\$8,235
93600 Sewer	\$4,734	\$4,580	\$9,314		\$9,314
93000 Total Utilities	\$26,851	\$21,585	\$48,436	\$0	\$48,436
94100 Ordinary Maintenance and Operations - Labor	\$34,051	\$16,553	\$50,604		\$50,604
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,844	\$11,757	\$26,601		\$26,601
94300 Ordinary Maintenance and Operations Contracts	\$45,843	\$22,914	\$68,757		\$68,757
94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,160	\$7,606	\$23,766		\$23,766
94000 Total Maintenance	\$110,898	\$58,830	\$169,728	\$0	\$169,728
96110 Property Insurance	\$6,395	\$7,453	\$13,848		\$13,848
96120 Liability Insurance	\$1,190	\$1,024	\$2,214		\$2,214
96130 Workmen's Compensation	\$1,072	\$1,128	\$2,200		\$2,200
96140 All Other Insurance	\$1,071	\$701	\$1,772		\$1,772
96100 Total Insurance Premiums	\$9,728	\$10,306	\$20,034	\$0	\$20,034
96200 Other General Expenses		\$1,000	\$1,000		\$1,000
96210 Compensated Absences	\$3,282	\$1,642	\$4,924		\$4,924
96400 Bad debt - Tenant Rents	\$1,441		\$1,441		\$1,441
96000 Total Other General Expenses	\$4,723	\$2,642	\$7,365	\$0	\$7,365
96900 Total Operating Expenses	\$209,505	\$131,595	\$341,100	-\$6,000	\$335,100
97000 Excess of Operating Revenue over Operating Expenses	\$44,647	\$18,654	\$63,301	\$0	\$63,301
97400 Depreciation Expense	\$77,069	\$43,495	\$120,564		\$120,564
90000 Total Expenses	\$286,574	\$175,090	\$461,664	-\$6,000	\$455,664
10010 Operating Transfer In	\$11,939		\$11,939	-\$11,939	\$0
10020 Operating transfer Out	-\$11,939		-\$11,939	\$11,939	\$0
10080 Special Items (Net Gain/Loss)	\$168,680	\$79,743	\$248,423		\$248,423
10100 Total Other financing Sources (Uses)	\$168,680	\$79,743	\$248,423	\$0	\$248,423
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$136,258	\$54,902	\$191,160	\$0	\$191,160
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$693,935	\$432,479	\$1,126,414		\$1,126,414
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$59,865	-\$59,865	\$0		\$0
11190 Unit Months Available	492	240	732		732
11210 Number of Unit Months Leased	486	236	722		722
11270 Excess Cash	\$214,199		\$214,199		\$214,199
11620 Building Purchases	\$61,700		\$61,700		\$61,700

Housing Authority of the City of Wray (CO022)
WRAY, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 03/31/2018

Project: CO022072757 WRAY

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$106,614		\$106,614
70400 Tenant Revenue - Other	\$12,843		\$12,843
70500 Total Tenant Revenue	\$119,457	\$0	\$119,457
70600 HUD PHA Operating Grants	\$55,343	\$11,939	\$67,282
70610 Capital Grants		\$58,857	\$58,857
71100 Investment Income - Unrestricted	\$3,568		\$3,568
71500 Other Revenue	\$6,243		\$6,243
71600 Gain or Loss on Sale of Capital Assets	-\$1,255		-\$1,255
70000 Total Revenue	\$183,356	\$70,796	\$254,152
91100 Administrative Salaries	\$27,915		\$27,915
91200 Auditing Fees	\$2,400		\$2,400
91400 Advertising and Marketing	\$53		\$53
91500 Employee Benefit contributions - Administrative	\$13,526		\$13,526
91600 Office Expenses	\$7,290		\$7,290
91700 Legal Expense	\$24		\$24
91800 Travel	\$224		\$224
91900 Other	\$5,022		\$5,022
91000 Total Operating - Administrative	\$56,454	\$0	\$56,454
92400 Tenant Services - Other	\$851		\$851
92500 Total Tenant Services	\$851	\$0	\$851
93100 Water	\$5,267		\$5,267
93200 Electricity	\$12,576		\$12,576
93300 Gas	\$4,274		\$4,274
93600 Sewer	\$4,734		\$4,734
93000 Total Utilities	\$26,851	\$0	\$26,851
94100 Ordinary Maintenance and Operations - Labor	\$34,051		\$34,051
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,844		\$14,844
94300 Ordinary Maintenance and Operations Contracts	\$45,843		\$45,843
94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,160		\$16,160
94000 Total Maintenance	\$110,898	\$0	\$110,898
96110 Property Insurance	\$6,395		\$6,395
96120 Liability Insurance	\$1,190		\$1,190
96130 Workmen's Compensation	\$1,072		\$1,072
96140 All Other Insurance	\$1,071		\$1,071
96100 Total Insurance Premiums	\$9,728	\$0	\$9,728
96210 Compensated Absences	\$3,282		\$3,282
96400 Bad debt - Tenant Rents	\$1,441		\$1,441
96000 Total Other General Expenses	\$4,723	\$0	\$4,723
96900 Total Operating Expenses	\$209,505	\$0	\$209,505
97000 Excess of Operating Revenue over Operating Expenses	-\$26,149	\$70,796	\$44,647
97400 Depreciation Expense	\$77,069		\$77,069
90000 Total Expenses	\$286,574	\$0	\$286,574
10010 Operating Transfer In	\$11,939		\$11,939
10020 Operating transfer Out		-\$11,939	-\$11,939
10080 Special Items (Net Gain/Loss)	\$168,680		\$168,680
10100 Total Other financing Sources (Uses)	\$180,619	-\$11,939	\$168,680
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$77,401	\$58,857	\$136,258
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$693,935	\$0	\$693,935
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$118,752	-\$58,857	\$59,895
11190 Unit Months Available	492		492
11210 Number of Unit Months Leased	486		486
11270 Excess Cash	\$214,199		\$214,199
11620 Building Purchases	\$2,843	\$58,857	\$61,700

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 City of Wray, 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 City of Wray, Colorado, as of and for the year ended March 31, 2018, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Wray, Colorado's basic financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Housing Authority of the City of Wray, 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 City of Wray, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Wray, 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 2018-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Wray, 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 City of Wray, Colorado's response to the finding identified in our audit is described in the accompanying corrective action plan. The Housing Authority of the City of Wray, 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
December 6, 2018

HOUSING AUTHORITY OF THE CITY OF WRAY, COLORADO
SCHEDULE OF FINDINGS AND RESPONSES
March 31, 2018

Finding 2018-1: 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.



LOCAL HOUSING AUTHORITY

CITY OF WRAY
722 Hale Street – P.O. Box 373
WRAY, COLORADO 80758



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Phone 970-332-4238

Clay Street Apartments

Lincoln Terrace
Fax 970-332-2047

Colorado Relay Service 1-800-659-2656
EMAIL - wrayven@plains~~net~~tel.com

CORRECTIVE ACTION PLAN Year Ended March 31, 2018

The following is the response to and the corrective action to be taken in regard to the finding as reported in the accompanying Schedule of Findings and Responses for the fiscal year ended March 31, 2018:

ITEM

- 2018-1** 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: Cindy Hull, Executive Director
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