

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

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

Year Ended December 31, 2019

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2019

This section of the Housing Authority of the Town of Yuma, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Authority's total net position as of December 31, 2019 was \$900,065. The net position increased by \$49,931, an increase of 6% over the prior year. Of this amount, \$292,176 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 \$387,334 for the year ended December 31, 2019. This was an increase of \$44,277 or 13% over the prior year.

Operating expenses for the Authority were \$538,524 for the year ended December 31, 2019. This was a decrease of (\$32,488) or 6% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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.

Notes to the Basic Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2019 is required to be included in the audit reporting package.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2019	FY 2018	Dollar Change	Percent Change
Current and other assets	\$ 569,488	\$ 565,156	\$ 4,332	1%
Capital assets	1,216,393	1,239,321	(22,928)	-2%
Total Assets	<u>1,785,881</u>	<u>1,804,477</u>	<u>(18,596)</u>	<u>-1%</u>
Deferred Outflows of Resources	<u>76,367</u>	<u>46,970</u>	<u>29,397</u>	<u>63%</u>
Current liabilities	75,008	74,565	443	1%
Other liabilities	310,163	251,760	58,403	23%
Long-term debt outstanding	576,975	608,131	(31,156)	-5%
Total Liabilities	<u>962,146</u>	<u>934,456</u>	<u>27,690</u>	<u>3%</u>
Deferred Inflows of Resources	<u>37</u>	<u>66,857</u>	<u>(66,820)</u>	<u>-100%</u>
Net Position				
Net investment in capital assets	607,889	601,653	6,236	1%
Unrestricted	292,176	248,481	43,695	18%
Total Net Position	<u>\$ 900,065</u>	<u>\$ 850,134</u>	<u>\$ 49,931</u>	<u>6%</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 \$900,065 at the close of the year ended December 31, 2019. This represents an increase of \$49,931 which is an increase of 6% over the prior year. The increase was attributed to operations for the year ended December 31, 2019.

Current and other assets increased by \$4,332. This was attributed to operations before depreciation, non-capital grant funds used for capital improvements and principal and interest paid on capital debt which resulted in a net decrease in cash and investments of (\$2,486). This was offset by an increase of \$3,148 in the amount receivable from HUD which is merely the result of when funds are requisitioned.

Current liabilities increased by \$443. There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

Other liabilities increased by \$58,403 which the majority was an increase of \$55,155 in the Net Pension Liability which represents the Authority's proportionate share of Colorado PERA unfunded pension liability. In addition, the Collective Net OPEB Liability increased by \$3,066 which represents the Authority's proportionate share of Colorado PERA unfunded liability of the OPEB plan.

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019

FINANCIAL ANALYSIS (CONT'D)

Unrestricted net position as of December 31, 2019 was \$292,176. 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.

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 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental	\$ 336,523	\$ 330,580	\$ 5,943	2%
Management fee income	11,675	10,554	1,121	11%
HUD program contributions	93,619	83,174	10,445	13%
Net pension income	38,722	-	38,722	100%
Other	414	1,923	(1,509)	-78%
General revenue				
Interest	1,059	965	94	10%
Total Revenues	<u>482,012</u>	<u>427,196</u>	<u>54,816</u>	<u>13%</u>
Expenses				
Depreciation	173,397	171,356	2,041	1%
Operating	365,127	399,656	(34,529)	-9%
Nonoperating	33,740	39,529	(5,789)	-15%
Total Expenses	<u>572,264</u>	<u>610,541</u>	<u>(38,277)</u>	<u>-6%</u>
Excess (deficiency) before capital contributions	(90,252)	(183,345)	93,093	-51%
Capital Contributions	140,183	84,225	55,958	
Changes in Net Position	<u>49,931</u>	<u>(99,120)</u>	<u>149,051</u>	
Beginning Net Position	850,134	949,254	(99,120)	
Ending Net Position	<u>\$ 900,065</u>	<u>\$ 850,134</u>	<u>\$ 49,931</u>	

As can be seen above, total revenues increased by \$54,816, primarily due to the increase in net pension income of \$38,722, Federal operating funds of \$10,445 and rental income of \$5,943 or 2%. The increase in rental income is the result of the normal fluctuation from year-to-year based on occupancy and rent composition. The increase in net pension income is the result of the net change in the pension related liability accounts, changes and amortization within deferred outflows and inflows of resources resulting from the pension activity from the 2018 pension plan year that is recognized by the Authority during the fiscal year ended December 31, 2019.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

FINANCIAL ANALYSIS (CONT'D)

HUD operating subsidy for the Authority was \$77,214 for the year ended December 31, 2019. This was an increase of \$20,947 over 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 \$16,405 of HUD capital grants for operations for the fiscal year ended December 31, 2019 compared to \$26,907 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 \$365,127 for the year ended December 31, 2019. This was a decrease of (\$34,529) or 9% from the prior year. The most significant decrease was in maintenance which decreased by (\$25,675) and will vary on unit turnaround and various projects during the year.

HUD capital contributions were \$140,183 for the year ended December 31, 2019. This was an increase of \$55,958 over the prior year. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent from year to year based on the Authority's number of units. The amount presented will vary from year to year depending on the timing of projects as outlined in the HUD approved capital grant budget.

OCCUPANCY

YHA as of 12/31/2019 had two units available. Occupancy rate of 96%. Total turnovers in 2019 were eleven units. As of May 1, 2020, occupancy rate was 96%.

VHV as of 12/31/2019 had three units available. Occupancy rate of 85%. Total turnovers in 2019 were three units. As of May 1, 2020, occupancy rate of 95%.

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2019 amounts to \$1,216,393. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation. The total decrease in the Authority's capital assets for the current fiscal year was 2% in terms of net book value. The actual amount to purchase or construct capital assets was \$152,800 for the year. Depreciation charges for the year totaled \$173,397. 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.

LONG-TERM DEBT

VH Villa Townhomes is a twenty-unit property which has a mortgage secured by the property. There were no changes in the debt structure for the year ended December 31, 2019. Additional information on the Authority's long-term debt can be found in Note J of the notes to the financial statements of this report.

**HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

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 2020 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the Town of Yuma, Colorado as of and for the year ended December 31, 2019, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Yuma, Colorado as of December 31, 2019, 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 proportionate share of the collective net OPEB liability, schedule of employer's contributions-pension plan, schedule of employer contributions-OPEB plan and the notes to required supplementary information for the pension plan and OPEB plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2020 on our consideration of the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Yuma, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
May 22, 2020

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2019

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 377,818
Investments	135,373
Accounts receivable, net	2,346
Due from other governments	7,105
Accrued interest receivable	97
Prepaid insurance	27,304
<i>Restricted:</i>	
Cash and cash equivalents	19,445
TOTAL CURRENT ASSETS	569,488
NONCURRENT ASSETS:	
Capital Assets, non-depreciable	110,354
Capital Assets, depreciable, net	1,106,039
TOTAL NONCURRENT ASSETS	1,216,393
TOTAL ASSETS	1,785,881
DEFERRED OUTFLOWS OF RESOURCES:	
OPEB related deferred outflows of resources	3,463
Pension related deferred outflows of resources	72,904
TOTAL DEFERRED OUTFLOWS OF RESOURCES	76,367
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	8,638
Accrued payroll and benefits payable	10,482
Accrued interest payable	2,587
Tenant security deposits payable	19,445
Compensated absences payable	875
Unearned revenue	1,452
Mortgage payable, current portion	31,529
TOTAL CURRENT LIABILITIES	75,008
NONCURRENT LIABILITIES:	
Compensated absences payable	330
Mortgage payable	576,975
Collective net OPEB liability	23,989
Net pension liability	285,844
TOTAL NONCURRENT LIABILITIES	887,138
TOTAL LIABILITIES	962,146
DEFERRED INFLOWS OF RESOURCES:	
Pension related deferred inflows of resources	37
TOTAL DEFERRED INFLOWS OF RESOURCES	37
NET POSITION	
Net investment in capital assets	607,889
Unrestricted	292,176
TOTAL NET POSITION	\$ 900,065

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2019

		<u>Housing</u>
OPERATING REVENUES		
Rental income	\$	336,523
Management fee income		11,675
Net pension income		38,722
Other income		<u>414</u>
TOTAL OPERATING REVENUES		387,334
 OPERATING EXPENSES		
Administrative		116,478
Tenant services		2,352
Utilities		63,209
Ordinary maintenance and operations		136,331
General expense		46,757
Depreciation		<u>173,397</u>
TOTAL OPERATING EXPENSES		538,524
		<u>OPERATING INCOME (LOSS)</u>
		<u>(151,190)</u>
 NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		77,214
HUD capital grants - operations		16,405
Interest income		1,059
Interest expense		<u>(33,740)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		60,938
INCOME (LOSS) BEFORE CONTRIBUTIONS		(90,252)
 CAPITAL CONTRIBUTIONS		
HUD capital fund grants		<u>140,183</u>
INCREASE (DECREASE) IN NET POSITION		49,931
 NET POSITION		
Net position, beginning balance		<u>850,134</u>
TOTAL NET POSITION - ENDING BALANCE	\$	<u>900,065</u>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended December 31, 2019

	Housing
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 335,738
Management fee receipts	11,636
Other receipts	414
Tenant security deposits	497
Cash payments for goods and services	(191,199)
Cash payments to employees for services	(175,589)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(18,503)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	77,214
HUD capital grants-operations	16,405
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	93,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(152,800)
HUD capital fund grants	137,073
Interest paid on capital debt	(33,770)
Principal paid on capital debt	(29,164)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(78,661)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (deposits) withdrawals to investments	(500)
Interest received	1,059
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	559
NET INCREASE (DECREASE) IN CASH	(2,986)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	400,249
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 397,263

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended December 31, 2019

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (151,190)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	173,397
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(677)
(Increase) decrease in due from other governments	(39)
(Increase) decrease in prepaid insurance	(2,994)
(Increase) decrease in deferred outflows of resources, pension	(27,370)
(Increase) decrease in deferred outflows of resources, OPEB	(2,027)
Increase (decrease) in accounts payable	1,728
Increase (decrease) in tenant security deposits	497
Increase (decrease) in accrued payroll and benefits	134
Increase (decrease) in accrued compensated absences	(1,255)
Increase (decrease) in unearned revenue	(108)
Increase (decrease) in net pension liability	55,155
Increase (decrease) in collective net OPEB liability	3,066
Increase (decrease) in deferred inflows of resources, pension	(66,507)
Increase (decrease) in deferred inflows of resources, OPEB	<u>(313)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>(18,503)</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Financial Reporting Entity

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

Basis of accounting, measurement focus, and financial statement presentation

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

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

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

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

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

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

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

Budgetary Process

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

Cash and Investments

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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 TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

Grant Revenue

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

Deferred Outflows of Resources

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

Pensions

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

Deferred Inflows of Resources

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

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

Compensated Absences

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

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has adopted a plan and has obligated resources to other postemployment benefits as defined in GASB Statement No. 75.

Income Taxes

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

Taxpayer's Bill of Rights

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

NOTE B - DEPOSITS AND INVESTMENTS

At December 31, 2019, the Authority's carrying amount of deposits was \$532,561 and the bank balances were \$546,710. The Authority had cash on hand of \$75 as of December 31, 2019. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the total bank balances \$385,373 were covered by FDIC insurance and \$161,337 was covered by the Colorado Public Deposit Protection Act (PDPA).

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2019 are as follows:

Tenants	\$ 2,825
Allowance for doubtful accounts	<u>(479)</u>
	<u>\$ 2,346</u>

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at December 31, 2019 is as follows:

HUD – capital fund grants	\$ 6,139
Section 8 administrative fees	<u>966</u>
	<u>\$ 7,105</u>

NOTE E – RESTRICTED ASSETS

Cash and cash equivalents of \$19,445 as presented in the Statement of Net Position at December 31, 2019 is restricted for Tenant Security Deposits.

NOTE F – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2019 is as follows:

Vendors and contractors	\$ <u>8,638</u>
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NOTE G – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2019 is as follows:

Tenant prepaid rents	\$ <u>1,452</u>
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HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE H – CAPITAL ASSETS

	<u>Balance</u> <u>1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
Non-depreciable assets:				
Land	\$ 110,354	\$ -	\$ -	\$ 110,354
Construction in progress	-	140,183	(140,183)	-
Total non-depreciable assets	<u>110,354</u>	<u>140,183</u>	<u>(140,183)</u>	<u>110,354</u>
Depreciable assets:				
Buildings	4,915,837	128,732	-	5,044,569
Equipment - Dwelling	95,019	-	-	95,019
Equipment - Administration	76,109	21,737	-	97,846
Total depreciable assets	<u>5,086,965</u>	<u>150,469</u>	<u>-</u>	<u>5,237,434</u>
Total Capital Assets	<u>5,197,319</u>	<u>290,652</u>	<u>(140,183)</u>	<u>5,347,788</u>
Accumulated depreciation:				
Buildings	3,816,383	161,545	-	3,977,928
Equipment - Dwelling	80,646	2,164	-	82,810
Equipment - Administration	60,969	9,688	-	70,657
Total accumulated depreciation	<u>3,957,998</u>	<u>173,397</u>	<u>-</u>	<u>4,131,395</u>
Depreciable assets, net	<u>1,128,967</u>	<u>(22,928)</u>	<u>-</u>	<u>1,106,039</u>
Capital assets, net	<u>\$ 1,239,321</u>	<u>\$ 117,255</u>	<u>\$ (140,183)</u>	<u>\$ 1,216,393</u>

NOTE I—ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2019 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
Compensated absences	\$ <u>2,460</u>	\$ <u>6,937</u>	\$ <u>(8,192)</u>	\$ <u>1,205</u>	\$ <u>875</u>

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE J – LONG-TERM LIABILITIES

The property known as VH Villa Townhomes is a twenty-unit property that has a mortgage held by the Bank of Colorado dated September 19, 2018. The loan has an original principal amount of \$646,247 with a fixed interest rate of 5.35%. The loan requires monthly principal and interest payments \$5,244.58 and matures on September 5, 2033. The balance due at December 31, 2019 was \$608,504.

A summary of changes in mortgage payable as of December 31, 2019 is as follows:

Description	Balance 1/1/2019	Issued	Retired	Balance 12/31/2019	Due Within One Year
Bank of Colorado Mortgage	\$ 637,668	\$ -	\$ (29,164)	\$ 608,504	\$ 31,529
			Less current maturities	(31,529)	
			Long-term portion	<u>576,975</u>	

Principal and interest requirements for the mortgage are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 31,529	\$ 31,406	\$ 62,935
2021	32,865	30,070	62,935
2022	34,667	28,268	62,935
2023	36,568	26,367	62,935
2024	38,573	24,362	62,935
2025-2029	227,007	87,668	314,675
2030-2033	207,295	23,467	230,762
Total \$	<u>608,504</u>	<u>\$ 251,608</u>	<u>\$ 860,112</u>

NOTE K—NET POSITION

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets 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.
- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE L – CONTINGENCIES

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

NOTE M - RISK MANAGEMENT

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

During the year ended December 31, 2019, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE N – DEFINED BENEFIT PENSION PLAN

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 198-200: *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. A brief description of some of the major changes to plan provisions required by SB 18-2000 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases in employee rates for the LGDTF 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, increases 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, the direct distribution from the State, 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.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. 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.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2018. 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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

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, 2018, 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. Pursuant to SB 18-200, there are not annual increases (AI) for 2018 and 2019. Thereafter, 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 1.5 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. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S §24-51-413.

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, 2019: Eligible employees and the Yuma 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 following table:

	January 1, 2018 Through December 31, 2019
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%

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

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Yuma Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Yuma Housing Authority were \$17,960 for the pension plan year ended December 31, 2018.

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

At December 31, 2019 the Yuma Housing Authority reported a liability of \$285,844 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, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Yuma Housing Authority proportion of the net pension liability was based on Yuma Housing Authority's contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the Yuma Housing Authority's proportion was .022736294 percent, which was a decrease of .00201750 percent change from its proportion measured as of December 31, 2017.

For the pension year ended December 31, 2018, the Authority recognized net pension income of \$28,684. At December 31, 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ --	\$ --
Difference between expected and actual experience	\$ 11,952	\$ --
Difference between projected and actual earnings on pension plan investments	\$ 37,225	\$ --
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ 6,478	\$ --
Contributions paid to PERA subsequent to the measurement date – Jan. 1, 2019 thru Dec. 31, 2019	\$ 17,249	\$ --
Total	\$ 72,904	\$ --

\$17,249 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2020	\$	19,584
2021		6,204
2022		4,835
2023		22,934
2024		2,098
Thereafter		--
	\$	<u>55,655</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 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

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	3% through 2019 and 1.5% compounded annually thereafter
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.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table on the next page:

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

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

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 in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

- 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. 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 Yuma 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	437,282	285,844	159,150

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

Payables to the Pension Plan

At December 31, 2019, the Authority had payables of \$1,617 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 December 31, 2019.

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: *PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate*. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
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NOTE O – DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the pension year ended December 31, 201, program members contributed \$4,988.

NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Yuma Housing Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Yuma Housing Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. 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. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools

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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as

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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Yuma Housing Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Yuma Housing Authority were \$1,337 for the year ended December 31, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the Yuma Housing Authority reported a liability of \$23,989 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Yuma Housing Authority's proportion of the net OPEB liability was based on the Yuma Housing Authority contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF. At December 31, 2018, the Yuma Housing Authority's proportion was .0017631965 percent, which was an increase of .00015325 from its proportion measured as of December 31, 2017.

For the pension year ended December 31, 2018, the Yuma Housing Authority recognized OPEB expense of \$1,969. At December 31, 2019, the Yuma Housing Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ 168	\$ --
Difference between expected and actual experience	\$ 87	\$ 37
Difference between projected and actual earnings on OPEB plan investments	\$ 138	\$ --
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 1,682	\$ --
Contributions subsequent to the measurement date – Jan. 1, 2019 thru December 31, 2019	\$ 1,388	\$ --
Total	\$ 3,463	\$ 37

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

\$1,388 is reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2020	\$	392
2021		392
2022		392
2023		488
2024		362
Thereafter		12
	\$	<u>2,038</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2017 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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

The actuarial assumptions used in the December 31, 2017, 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. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 for the State and Local Government Divisions were based on 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.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 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 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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 HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

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%.

Sensitivity of the Yuma Housing Authority's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	5.00%
Net OPEB Liability	\$26,842	\$23,989	\$21,550

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- 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%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate

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NOTE P – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONT'D)

determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Yuma Housing Authority's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB 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 OPEB liability	\$26,842	\$23,989	\$21,550

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

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

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

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
12/31/2014	0.0245449951%	\$ 219,999	\$ 134,498	164%	81%
12/31/2015	0.0202324659%	\$ 222,877	\$ 114,904	194%	77%
12/31/2016	0.0223416900%	\$ 301,689	\$ 135,419	223%	74%
12/31/2017	0.0207187699%	\$ 230,689	\$ 127,963	180%	79%
12/31/2018	0.0227362945%	\$ 285,844	\$ 131,092	218%	76%

* - 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 YUMA, COLORADO
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION PLAN
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
12/31/2015	\$ 15,742	\$ 15,742	\$ -	\$ 114,904	13.70%
12/31/2016	\$ 18,552	\$ 18,552	\$ -	\$ 135,419	13.70%
12/31/2017	\$ 17,906	\$ 17,906	\$ -	\$ 130,703	13.70%
12/31/2018	\$ 16,622	\$ 16,622	\$ -	\$ 131,092	12.68%
12/31/2019	\$ 17,249	\$ 17,249	\$ -	\$ 136,037	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 TOWN OF YUMA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

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

2017 Changes in Plan Provisions Since 2016

The following changes were made to the plan provisions as part of Senate Bill (SB) 18-200:

- Member contribution rates increase by .75 percent effective July 1, 2019, an additional .75 percent effective July 1, 2020, and an additional .50 percent effective July 1, 2021.
- Employer contribution rates increase by .25 percent effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
- An annual direct distribution of \$225 million (actual dollars) from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
- Annual Increase (AI) cap is lowered from 2.00 percent per year to 1.50 percent per year.
- Initial AI waiting period is extended from one year after retirement to three years after retirement.
- AI payments are suspended for 2018 and 2019.
- The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increases from one to three years for the Judicial Division.
- 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.

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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

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

- 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 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.

2013 Changes in Plan Provisions Since 2012

- 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.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

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

2018 Changes in Assumptions or Other Inputs Since 2017

There are no changes in economic and demographic actuarial assumptions incorporated into the actuarial valuation as of December 31, 2018, since the last actuarial valuation as of December 31, 2017.

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 TOWN OF YUMA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

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.

2014 Changes in Assumptions or Other Inputs Since 2013

- In 2012, a lawsuit was initiated to determine the amount owed to PERA by Memorial and the City of Colorado Springs (City) for Memorial's departure from PERA. In September 2014, PERA and the City agreed to resolve the lawsuit. The agreement provided for the City to pay PERA \$190,000 for the liabilities associated with the retirement and health care benefits already earned by 7,666 Memorial employees for the work that they performed before Memorial ceased to be a PERA employer. On October 3, 2014, PERA received a disaffiliation payment from the City, which was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$186,006 and \$3,994, respectively.

2013 Changes in Assumptions or Other Inputs Since 2012

- The investment return assumption was lowered from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 3.50 percent to 2.80 percent.
- The wage inflation assumption was lowered from 4.25 percent to 3.90 percent.

**REQUIRED SUPPLEMENTAL INFORMATION-
GASB 75 - OPEB SCHEDULES AND NOTES**

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

PERA OPEB Plan Year Ended	Authority's Proportion of the Collective Net OPEB Liability	Authority's Proportionate Share of the Collective Net OPEB Liability	Authority's Covered- Payroll	Authority's Proportionate Share of the Collective Net OPEB Liability as a Percentage of its Covered-Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2016	0.0017150341%	\$ 22,236	\$ 127,963	17%	16.72%
12/31/2017	0.0016099569%	\$ 20,923	\$ 131,092	16%	17.53%
12/31/2018	0.0017631965%	\$ 23,989	\$ 131,092	18%	17.03%

* - The amounts presented for each fiscal year were determined as of the OPEB Plan 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 YUMA, COLORADO
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB PLAN
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
12/31/2017	\$ 1,381	\$ 1,381	\$ -	\$ 130,703	1.06%
12/31/2018	\$ 1,333	\$ 1,333	\$ -	\$ 131,092	1.02%
12/31/2019	\$ 1,388	\$ 1,388	\$ -	\$ 136,037	1.02%

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* - 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 TOWN OF YUMA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

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

2018 Changes in Plan Provisions Since 2017

- There were no changes made to the plan provisions.

2017 Changes in Plan Provisions Since 2016

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the Health Care Trust Fund (HCTF) on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063 and \$96, respectively.
- The new Defined Benefit OPEB Funding Policy was adopted by the Board of Trustees on January 19, 2018.

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

2018 Changes in Assumptions or Other Inputs Since 2017

- There were no changes made to the actuarial methods or assumptions.

2017 Changes in Assumptions or Other Inputs Since 2016

- There were no changes made to the actuarial methods or assumptions.

NOTE C – CHANGES OF BENEFIT TERMS

2017 Changes in Plan Provisions Since 2016

- Expands PERAChoice to new hires as of January 1, 2019, applicable to:
 - Certain members of the State Division
 - All members of the Local Government Division

**SUPPLEMENTAL INFORMATION –
PROGRAM FINANCIAL SCHEDULES**

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF NET POSITION
December 31, 2019

	Public Housing	VH Villa Townhomes	Totals
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 243,293	\$ 134,525	\$ 377,818
Investments	135,373	-	135,373
Accounts receivable, net	65	2,281	2,346
Due from other governments	7,105	-	7,105
Accrued interest receivable	97	-	97
Prepaid insurance	21,728	5,576	27,304
<i>Restricted:</i>			
Cash and cash equivalents	11,175	8,270	19,445
TOTAL CURRENT ASSETS	418,836	150,652	569,488
NONCURRENT ASSETS:			
Capital Assets, non-depreciable	6,354	104,000	110,354
Capital Assets, depreciable, net	579,980	526,059	1,106,039
TOTAL NONCURRENT ASSETS	586,334	630,059	1,216,393
TOTAL ASSETS	1,005,170	780,711	1,785,881
DEFERRED OUTFLOWS OF RESOURCES:			
OPEB related deferred outflows of resources	3,463	-	3,463
Pension related deferred outflows of resources	72,904	-	72,904
TOTAL DEFERRED OUTFLOWS OF RESOURCES	76,367	-	76,367
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	6,734	1,904	8,638
Accrued payroll and benefits payable	10,482	-	10,482
Accrued interest payable	-	2,587	2,587
Tenant security deposits payable	11,175	8,270	19,445
Compensated absences payable	875	-	875
Unearned revenue	1,452	-	1,452
Mortgage payable, current portion	-	31,529	31,529
TOTAL CURRENT LIABILITIES	30,718	44,290	75,008
NONCURRENT LIABILITIES:			
Compensated absences payable	330	-	330
Mortgage payable	-	576,975	576,975
Collective net OPEB liability	23,989	-	23,989
Net pension liability	285,844	-	285,844
TOTAL NONCURRENT LIABILITIES	310,163	576,975	887,138
TOTAL LIABILITIES	340,881	621,265	962,146
DEFERRED INFLOWS OF RESOURCES:			
OPEB related deferred inflows of resources	37	-	37
TOTAL DEFERRED INFLOWS OF RESOURCES	37	-	37
NET POSITION			
Net investment in capital assets	586,334	21,555	607,889
Unrestricted	154,285	137,891	292,176
TOTAL NET POSITION	\$ 740,619	\$ 159,446	\$ 900,065

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2019

	Public Housing	VH Villa Townhomes	Totals
OPERATING REVENUES			
Rental income	\$ 192,747	\$ 143,776	\$ 336,523
Management fee income	50,907	-	50,907
Net pension income	38,722	-	38,722
Other income	330	84	414
TOTAL OPERATING REVENUES	282,706	143,860	426,566
OPERATING EXPENSES			
Administrative	110,225	28,961	139,186
Tenant services	2,352	-	2,352
Utilities	48,639	14,570	63,209
Ordinary maintenance and operations	126,674	26,181	152,855
General expense	38,227	8,530	46,757
Depreciation	91,197	82,200	173,397
TOTAL OPERATING EXPENSES	417,314	160,442	577,756
OPERATING INCOME (LOSS)	(134,608)	(16,582)	(151,190)
NONOPERATING REVENUES (EXPENSES)			
HUD operating subsidy	77,214	-	77,214
HUD capital grants - operations	16,405	-	16,405
Interest income	855	204	1,059
Interest expense	-	(33,740)	(33,740)
TOTAL NONOPERATING REVENUES (EXPENSES)	94,474	(33,536)	60,938
INCOME (LOSS) BEFORE CONTRIBUTIONS	(40,134)	(50,118)	(90,252)
CAPITAL CONTRIBUTIONS			
HUD capital fund grants	140,183	-	140,183
INCREASE (DECREASE) IN NET POSITION	100,049	(50,118)	49,931
NET POSITION			
Net position, beginning balance	640,570	209,564	850,134
TOTAL NET POSITION - ENDING BALANCE	\$ 740,619	\$ 159,446	\$ 900,065

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended December 31, 2019

	Public Housing	VH Villa Townhomes	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rental receipts	\$ 193,183	\$ 142,555	\$ 335,738
Management fee receipts	50,868	-	50,868
Other receipts	330	84	414
Tenant security deposits	1,172	(675)	497
Cash payments for goods and services	(150,321)	(80,110)	(230,431)
Cash payments to employees for services	(175,589)	-	(175,589)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(80,357)	61,854 (18,503)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
HUD operating subsidy	77,214	-	77,214
HUD capital grants - operations	16,405	-	16,405
	NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	93,619	- 93,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases and construction of capital assets	(145,347)	(7,453)	(152,800)
HUD capital fund grants	137,073	-	137,073
Interest paid on capital debt	-	(33,770)	(33,770)
Principal paid on capital debt	-	(29,164)	(29,164)
	NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,274)	(70,387) (78,661)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (deposits) withdrawals to investments	(500)	-	(500)
Interest received	855	204	1,059
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	355	204 559
	NET INCREASE (DECREASE) IN CASH	5,343	(8,329) (2,986)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	249,125	151,124	400,249
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 254,468	\$ 142,795	\$ 397,263

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended December 31, 2019

	Public Housing	VH Villa Townhomes	Totals
RECONCILIATION OF INCOME (LOSS) FROM			
OPERATIONS TO NET CASH PROVIDED			
(USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (134,608)	\$ (16,582)	\$ (151,190)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	91,197	82,200	173,397
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(31)	(646)	(677)
(Increase) decrease in due from other governments	(39)	-	(39)
(Increase) decrease in prepaid insurance	(372)	(2,622)	(2,994)
(Increase) decrease in deferred outflows of resources, pension	(27,370)	-	(27,370)
(Increase) decrease in deferred outflows of resources, OPEB	(2,027)	-	(2,027)
Increase (decrease) in accounts payable	974	754	1,728
Increase (decrease) in tenant security deposits	1,172	(675)	497
Increase (decrease) in accrued payroll and benefits	134	-	134
Increase (decrease) in accrued compensated absences	(1,255)	-	(1,255)
Increase (decrease) in unearned revenue	467	(575)	(108)
Increase (decrease) in net pension liability	55,155	-	55,155
Increase (decrease) in collective net OPEB liability	3,066	-	3,066
Increase (decrease) in deferred inflows of resources, pension	(66,507)	-	(66,507)
Increase (decrease) in deferred inflows of resources, OPEB	(313)	-	(313)
NET CASH PROVIDED (USED)			
BY OPERATING ACTIVITIES	\$ (80,357)	\$ 61,854	\$ (18,503)

**SUPPLEMENTAL INFORMATION –
FINANCIAL DATA SCHEDULE**

Housing Authority of the Town of Yuma (CO009)
YUMA, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

	Project Total	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$243,293	\$134,525	\$377,818		\$377,818
114 Cash - Tenant Security Deposits	\$11,175	\$8,270	\$19,445		\$19,445
100 Total Cash	\$254,468	\$142,795	\$397,263		\$397,263
122 Accounts Receivable - HUD Other Projects	\$6,139		\$6,139		\$6,139
124 Accounts Receivable - Other Government	\$966		\$966		\$966
126 Accounts Receivable - Tenants	\$544	\$2,281	\$2,825		\$2,825
126.1 Allowance for Doubtful Accounts - Tenants	-\$479	\$0	-\$479		-\$479
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0
129 Accrued Interest Receivable	\$97		\$97		\$97
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$7,267	\$2,281	\$9,548		\$9,548
131 Investments - Unrestricted	\$135,373		\$135,373		\$135,373
142 Prepaid Expenses and Other Assets	\$21,728	\$5,576	\$27,304		\$27,304
150 Total Current Assets	\$418,836	\$150,652	\$569,488		\$569,488
161 Land	\$6,354	\$104,000	\$110,354		\$110,354
162 Buildings	\$3,138,585	\$1,905,984	\$5,044,569		\$5,044,569
163 Furniture, Equipment & Machinery - Dwellings	\$86,822	\$8,197	\$95,019		\$95,019
164 Furniture, Equipment & Machinery - Administration	\$97,846		\$97,846		\$97,846
166 Accumulated Depreciation	-\$2,743,273	-\$1,388,122	-\$4,131,395		-\$4,131,395
160 Total Capital Assets, Net of Accumulated Depreciation	\$586,334	\$630,059	\$1,216,393		\$1,216,393
180 Total Non-Current Assets	\$586,334	\$630,059	\$1,216,393		\$1,216,393
200 Deferred Outflow of Resources	\$76,367		\$76,367		\$76,367
290 Total Assets and Deferred Outflow of Resources	\$1,081,537	\$780,711	\$1,862,248		\$1,862,248
312 Accounts Payable <= 90 Days	\$2,652	\$357	\$3,009		\$3,009
321 Accrued Wage/Payroll Taxes Payable	\$10,482		\$10,482		\$10,482
322 Accrued Compensated Absences - Current Portion	\$875		\$875		\$875
325 Accrued Interest Payable		\$2,587	\$2,587		\$2,587
341 Tenant Security Deposits	\$11,175	\$8,270	\$19,445		\$19,445
342 Unearned Revenue	\$1,452		\$1,452		\$1,452
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$31,529	\$31,529		\$31,529
346 Accrued Liabilities - Other	\$4,082	\$1,547	\$5,629		\$5,629
310 Total Current Liabilities	\$30,718	\$44,280	\$75,008		\$75,008
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$576,975	\$576,975		\$576,975
354 Accrued Compensated Absences - Non Current	\$330		\$330		\$330
357 Accrued Pension and OPEB Liabilities	\$309,833		\$309,833		\$309,833
350 Total Non-Current Liabilities	\$310,163	\$576,975	\$887,138		\$887,138
300 Total Liabilities	\$340,881	\$621,265	\$962,146		\$962,146
400 Deferred Inflow of Resources	\$37		\$37		\$37
508.4 Net Investment in Capital Assets	\$586,334	\$21,555	\$607,889		\$607,889
512.4 Unrestricted Net Position	\$154,285	\$137,891	\$292,176		\$292,176
513 Total Equity - Net Assets / Position	\$740,619	\$159,446	\$900,065		\$900,065
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,081,537	\$780,711	\$1,862,248		\$1,862,248

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

	Project Total	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$174,552	\$138,330	\$312,882		\$312,882
70400 Tenant Revenue - Other	\$18,195	\$5,446	\$23,641		\$23,641
70500 Total Tenant Revenue	\$192,747	\$143,776	\$336,523	\$0	\$336,523
70600 HUD PHA Operating Grants	\$93,619		\$93,619		\$93,619
70610 Capital Grants	\$140,183		\$140,183		\$140,183
71100 Investment Income - Unrestricted	\$855	\$204	\$1,059		\$1,059
71500 Other Revenue	\$89,959	\$84	\$90,043	-\$39,232	\$50,811
70000 Total Revenue	\$517,363	\$144,064	\$661,427	-\$39,232	\$622,195
91100 Administrative Salaries	\$65,995		\$65,995		\$65,995
91200 Auditing Fees	\$3,920	\$1,530	\$5,450		\$5,450
91300 Management Fee		\$22,708	\$22,708	-\$22,708	\$0
91500 Employee Benefit Contributions - Administrative	\$18,542		\$18,542		\$18,542
91600 Office Expenses	\$6,147	\$2,130	\$8,277		\$8,277
91700 Legal Expense	\$107	\$686	\$793		\$793
91800 Travel	\$929		\$929		\$929
91900 Other	\$14,585	\$1,907	\$16,492		\$16,492
91000 Total Operating - Administrative	\$110,225	\$28,961	\$139,186	-\$22,708	\$116,478
92100 Tenant Services - Salaries	\$1,340		\$1,340		\$1,340
92300 Employee Benefit Contributions - Tenant Services	\$529		\$529		\$529
92400 Tenant Services - Other	\$483		\$483		\$483
92500 Total Tenant Services	\$2,352	\$0	\$2,352	\$0	\$2,352
93100 Water	\$8,513	\$5,376	\$13,889		\$13,889
93200 Electricity	\$18,634	\$944	\$19,578		\$19,578
93300 Gas	\$13,431	\$2,279	\$15,710		\$15,710
93600 Sewer	\$8,061	\$5,971	\$14,032		\$14,032
93000 Total Utilities	\$48,639	\$14,570	\$63,209	\$0	\$63,209
94100 Ordinary Maintenance and Operations - Labor	\$61,363		\$61,363		\$61,363
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,302	\$3,833	\$21,135		\$21,135
94300 Ordinary Maintenance and Operations Contracts	\$27,523	\$22,348	\$49,871	-\$16,524	\$33,347
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,486		\$20,486		\$20,486
94000 Total Maintenance	\$126,674	\$26,181	\$152,855	-\$16,524	\$136,331
96110 Property Insurance	\$23,003	\$7,261	\$30,264		\$30,264
96120 Liability Insurance	\$1,524	\$1,269	\$2,793		\$2,793
96130 Workmen's Compensation	\$4,246		\$4,246		\$4,246
96140 All Other Insurance	\$1,823		\$1,823		\$1,823
96100 Total Insurance Premiums	\$30,596	\$8,530	\$39,126	\$0	\$39,126
96200 Other General Expenses	\$215		\$215		\$215
96210 Compensated Absences	\$6,937		\$6,937		\$6,937
96400 Bad debt - Tenant Rents	\$479		\$479		\$479
96000 Total Other General Expenses	\$7,631	\$0	\$7,631	\$0	\$7,631
96710 Interest of Mortgage (or Bonds) Payable		\$33,740	\$33,740		\$33,740
96700 Total Interest Expense and Amortization Cost	\$0	\$33,740	\$33,740	\$0	\$33,740
96900 Total Operating Expenses	\$326,117	\$111,982	\$438,099	-\$39,232	\$398,867
97000 Excess of Operating Revenue over Operating Expenses	\$191,246	\$32,082	\$223,328	\$0	\$223,328
97400 Depreciation Expense	\$91,197	\$82,200	\$173,397		\$173,397
90000 Total Expenses	\$417,314	\$194,182	\$611,496	-\$39,232	\$572,264
10010 Operating Transfer In	\$9,928		\$9,928	-\$9,928	\$0
10020 Operating Transfer Out	-\$9,928		-\$9,928	\$9,928	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$100,049	-\$50,118	\$49,931	\$0	\$49,931
11020 Required Annual Debt Principal Payments	\$0	\$29,164	\$29,164		\$29,164
11030 Beginning Equity	\$640,570	\$209,564	\$850,134		\$850,134
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0
11190 Unit Months Available	600	240	840		840
11210 Number of Unit Months Leased	583	236	819		819
11270 Excess Cash	\$339,754		\$339,754		\$339,754
11620 Building Purchases	\$128,279		\$128,279		\$128,279
11640 Furniture & Equipment - Administrative Purchases	\$14,738		\$14,738		\$14,738

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

Single Project Revenue and Expense

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 12/31/2019

Project: CO009101655 HIGH PLAINS MANOR

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$174,552		\$174,552
70400 Tenant Revenue - Other	\$18,195		\$18,195
70500 Total Tenant Revenue	\$192,747	\$0	\$192,747
70600 HUD PHA Operating Grants	\$77,214	\$16,405	\$93,619
70610 Capital Grants		\$140,183	\$140,183
71100 Investment Income - Unrestricted	\$855		\$855
71500 Other Revenue	\$89,959		\$89,959
70000 Total Revenue	\$360,775	\$156,588	\$517,363
91100 Administrative Salaries	\$63,018	\$2,977	\$65,995
91200 Auditing Fees	\$420	\$3,500	\$3,920
91500 Employee Benefit contributions - Administrative	\$18,542		\$18,542
91600 Office Expenses	\$6,147		\$6,147
91700 Legal Expense	\$107		\$107
91800 Travel	\$929		\$929
91900 Other	\$14,585		\$14,585
91000 Total Operating - Administrative	\$103,748	\$6,477	\$110,225
92100 Tenant Services - Salaries	\$1,340		\$1,340
92300 Employee Benefit Contributions - Tenant Services	\$529		\$529
92400 Tenant Services - Other	\$483		\$483
92500 Total Tenant Services	\$2,352	\$0	\$2,352
93100 Water	\$8,513		\$8,513
93200 Electricity	\$18,634		\$18,634
93300 Gas	\$13,431		\$13,431
93600 Sewer	\$8,061		\$8,061
93000 Total Utilities	\$48,639	\$0	\$48,639
94100 Ordinary Maintenance and Operations - Labor	\$61,363		\$61,363
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,302		\$17,302
94300 Ordinary Maintenance and Operations Contracts	\$27,523		\$27,523
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,486		\$20,486
94000 Total Maintenance	\$126,674	\$0	\$126,674
96110 Property Insurance	\$23,003		\$23,003
96120 Liability Insurance	\$1,524		\$1,524
96130 Workmen's Compensation	\$4,246		\$4,246
96140 All Other Insurance	\$1,823		\$1,823
96100 Total insurance Premiums	\$30,596	\$0	\$30,596
96200 Other General Expenses	\$215		\$215
96210 Compensated Absences	\$6,937		\$6,937
96400 Bad debt - Tenant Rents	\$479		\$479
96000 Total Other General Expenses	\$7,631	\$0	\$7,631
96900 Total Operating Expenses	\$319,640	\$6,477	\$326,117
97000 Excess of Operating Revenue over Operating Expenses	\$41,135	\$150,111	\$191,246
97400 Depreciation Expense	\$91,197		\$91,197
90000 Total Expenses	\$410,837	\$6,477	\$417,314
10010 Operating Transfer In	\$9,928		\$9,928
10020 Operating transfer Out		-\$9,928	-\$9,928
10100 Total Other financing Sources (Uses)	\$9,928	-\$9,928	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$40,134	\$140,183	\$100,049
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$640,570	\$0	\$640,570
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$140,183	-\$140,183	\$0
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	583		583
11270 Excess Cash	\$339,754		\$339,754
11620 Building Purchases	\$2,324	\$125,955	\$128,279
11640 Furniture & Equipment - Administrative Purchases	\$510	\$14,228	\$14,738

GOVERNMENT AUDITING STANDARDS SECTION

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

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

Independent Auditors Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the Town of Yuma, Colorado, as of and for the year ended December 31, 2019, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the Town of Yuma, Colorado's basic financial statements, and have issued our report thereon dated May 22, 2020.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonably 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 2019-1 to be a material weakness.

Compliance and Other Matters

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

Response to Finding

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

Purpose of this Report

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

Niewedde & Wiens, CPA's

York, Nebraska
May 22, 2020

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019

The audit report for the year ended December 31, 2018 contained one finding and no questioned costs.

Finding 2018-1: Internal Controls – This finding is repeated because the Authority is a small entity and it is not financially feasible to correct this finding.

HOUSING AUTHORITY OF THE TOWN OF YUMA, COLORADO
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2019

Finding 2019-1: Internal Control Structure
Material Weakness

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

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

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

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

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

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

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Yuma, CO 80759**

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yumahousingauthority@gmailcom

**CORRECTIVE ACTION PLAN
Year Ended December 31, 2019**

The following are responses to and the corrective action to be taken in regard to the findings as reported in the accompanying Schedule of Findings and Responses for the fiscal year ended December 31, 2019:

ITEM

- 2019-1** The Authority is a small entity and recognizes the lack of segregation of duties associated with the limited number of personnel. Due to our small size the cost of adding employees to implement these controls, the expected benefit would be a significant increase in the cost and at this time we feel the cost would exceed the benefit.

Contact Person: Stefanie Cheshire, Executive Director
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