

HOUSING AUTHORITY OF THE CITY  
OF CHEYENNE WELLS, COLORAO

BASIC FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTAL INFORMATION  
AND  
SUPPLEMENTAL INFORMATION

Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

**Independent Auditor's Report**

To the Board of Commissioners  
Housing Authority of the City of Cheyenne Wells, Colorado

**Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the City of Cheyenne Wells, Colorado, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Cheyenne Wells, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 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 financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Cheyenne Wells, Colorado, as of March 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Cheyenne Wells, Colorado's basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Financial Data Schedule is the responsibility of management and was 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 the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the Housing Authority of the City of Cheyenne Wells, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Cheyenne Wells, 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 Housing Authority of the City of Cheyenne Wells, Colorado's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPAs*

York, Nebraska  
November 16, 2020

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

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2020

This section of the Housing Authority of the City of Cheyenne Wells, Colorado's annual financial report presents our management's analysis of the Authority's financial performance during the fiscal year ended on March 31, 2020. 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.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *management discussion and analysis* report, the *financial statements* and the *notes to the financial statements*. This report also contains Financial Data Schedule (FDS) as referenced in the section of supplemental information. The Authority's basic financial statements are presented as fund level financial statements because the Authority only has a single proprietary fund.

**Required Financial Statements**

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

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

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

**Notes to the Financial Statements**

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

**Supplemental Information**

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2020 and is required to be included in the audit reporting package.

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

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 \$277,185 at the close of the year ended March 31, 2020. This represents a decrease of \$1,157, or 0.4% from the prior year. The unrestricted component of net position was a deficit (\$21,538) as of March 31, 2020 which was a

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2020

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

decrease of \$32,905. The Authority had a net income of \$9,766 when not including depreciation expense. Within this was \$45,000 of capital fund grants used for operations. This was offset by \$29,355 of nongrant funded or insurance paid for capital expenditures.

**CONDENSED STATEMENTS OF NET POSITION**

	FY 2020	FY 2019	Dollar Change	Percent Change
Current and other assets	\$ 122,690	\$ 227,537	\$ (104,847)	-46.1%
Capital assets	291,254	218,265	72,989	33.4%
Total Assets	<u>413,944</u>	<u>445,803</u>	<u>(31,858)</u>	-7.1%
Deferred Outflow of Resources	<u>8,634</u>	<u>32,874</u>	<u>(24,240)</u>	-73.7%
Current liabilities	26,823	49,875	(23,052)	-46.2%
Noncurrent liabilities	77,050	150,328	(73,278)	-48.7%
Total Liabilities	<u>103,873</u>	<u>200,204</u>	<u>(96,331)</u>	-48.1%
Deferred Inflow of Resources	<u>41,521</u>	<u>132</u>	<u>41,389</u>	31355.3%
Net Position				
Net investment in capital assets	291,254	218,265	72,989	33.4%
Restricted net position	7,469	48,709	(41,240)	-84.7%
Unrestricted	(21,538)	11,367	(32,905)	-289.5%
Total Net Position	<u>\$ 277,185</u>	<u>\$ 278,341</u>	<u>\$ (1,157)</u>	-0.4%

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

Unrestricted net position had a deficit balance of \$21,538. When not factoring in the net pension liability, OPEB liability and the related deferred outflows and inflows of resources, the unrestricted net position would be \$85,882.

Current and other assets decreased \$104,847. Within this, cash and investments decreased \$65,117 and the receivable for insurance proceeds decreased \$48,709. This was offset by a \$8,189 increase in the receivable from HUD.

Current liabilities decreased due to a \$30,405 decrease in accounts payables as the Authority had an ongoing capital project at the prior fiscal year end.

The decrease in noncurrent liabilities was due to the large decrease in the net pension liability.

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

As noted in the table on the next page, rental income increased \$6,681. The Authority had 300 occupied units in 2020 out of an available 300 unit months. The average rental charge increased by \$22.27 to \$360.87.

HUD operating grants include operating subsidy and HUD capital fund grants used for noncapital purposes. Operating subsidy increased by \$7,230 to \$33,464. Public Housing operating subsidy is based on a HUD formula which relies heavily on historic rental income and utility expense and is subject to a proration factor based on

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2020

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

available funding. The Authority used \$45,000 of the capital funds for noncapital purposes when it used \$51,976 in the prior year.

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

	FY 2020	FY 2019	Dollar Change	Percent Change
<b>Revenues</b>				
Program revenues				
Rental	\$ 108,261	\$ 101,580	\$ 6,681	6.6%
Governmental grants	78,464	78,210	254	0.3%
Other	16,892	9,788	7,104	72.6%
General revenues				
Interest	665	584	81	13.9%
Total Revenues	204,282	190,162	14,120	7.4%
<b>Expenses</b>				
Operating, excluding depreciation	184,800	145,627	39,173	26.9%
Depreciation	31,644	30,237	1,407	4.7%
Nonoperating	9,716	-	9,716	100.0%
Total Expenses	226,160	175,863	50,296	28.6%
Excess (Deficiency) Before Contributions and Special Items	(21,878)	14,299	(36,176)	
Contributions	20,721	5,450	15,271	
Special items, net	-	107,081	(107,081)	
Changes in Net Position	(1,157)	126,830	(127,987)	
Beginning net position, restated	278,341	151,511	126,830	
Ending net position	\$ 277,185	\$ 278,341	\$ (1,157)	

Operating expenses increased \$39,173 with administrative expenses increasing \$23,156 and maintenance expenses increased \$8,894 within this. Administrative expenses increase due to a \$16,391 increase in administrative wages and a \$6,032 increase in administrative benefits. The increase in maintenance expenses was due to a \$5,150 increase in maintenance materials and a \$1,855 increase in employee benefits.

The Authority had HUD capital contributions of \$20,721 for the year ended March 31, 2020. 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.

**CAPITAL ASSETS**

The Housing Authority of the City of Cheyenne Wells, Colorado's net investment in capital assets as of March 31, 2020 amounts to \$291,254. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress and is offset by accumulated depreciation.

The total increase in the Authority's investment in capital assets for the current fiscal year was 33.4% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$115,698. The majority of this was roof replacements due to storm damage, a new mower, concrete work and a bathroom remodel.

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2020

**CAPITAL ASSETS (CONT'D)**

Depreciation charges for the year totaled \$31,644. 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.

**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 2021 budget. The user charges are based on tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy eligibility 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 Cheyenne Wells, Colorado, 1245 n 1<sup>ST</sup> Street, #36, Cheyenne Wells, Colorado, 80810.

## BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
STATEMENT OF NET POSITION-PROPRIETARY FUND  
March 31, 2020

ASSETS	Public Housing
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 37,572.61
Investments	56,049.60
Accounts receivable, net	29.00
Due from other governments	10,586.83
Accrued interest receivable	76.29
Prepaid expenses	2,149.33
<i>Restricted:</i>	
Cash and cash equivalents	16,226.71
TOTAL CURRENT ASSETS	122,690.37
<b>NONCURRENT ASSETS</b>	
Capital Assets, non-depreciable	14,277.85
Capital Assets, depreciable, net	276,976.20
TOTAL NONCURRENT ASSETS	291,254.05
TOTAL ASSETS	413,944.42
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows of resources	7,890.00
OPEB related deferred outflows of resources	744.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,634.00
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	7,670.75
Accrued wages and benefits payable	10,318.86
Accrued compensated absences	31.25
Unearned revenue	44.00
Tenant security deposits payable	8,758.00
TOTAL CURRENT LIABILITIES	26,822.86
<b>NONCURRENT LIABILITIES</b>	
Accrued compensated absences	2,516.99
Net pension liability	66,684.00
Net OPEB liability	7,849.00
TOTAL NONCURRENT LIABILITIES	77,049.99
TOTAL LIABILITIES	103,872.85
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows of resources	38,310.00
OPEB related deferred inflows of resources	3,211.00
TOTAL DEFERRED INFLOWS OF RESOURCES	41,521.00
<b>NET POSITION</b>	
Net investment in capital assets	291,254.05
Restricted, insurance proceeds	7,468.71
Unrestricted	(21,538.19)
TOTAL NET POSITION	\$ 277,184.57

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUND  
Year Ended March 31, 2020

		Public Housing
<b>OPERATING REVENUES</b>		
Rental income	\$	108,261.00
Other income		19,544.46
		127,805.46
<b>OPERATING EXPENSES</b>		
Administrative		82,046.66
Tenant services		11.53
Utilities		28,574.59
Ordinary maintenance and operations		48,733.84
General expense		28,085.17
Depreciation		31,643.88
		219,095.67
		(91,290.21)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
HUD operating subsidy		33,463.50
HUD capital grants		45,000.00
Loss on disposition of capital assets		(9,716.17)
Interest income		665.21
		69,412.54
		(21,877.67)
<b>CAPITAL CONTRIBUTIONS</b>		
HUD capital grants		20,721.00
		(1,156.67)
<b>NET POSITION:</b>		
Net position, beginning balance		171,259.82
Prior period adjustments		107,081.42
Beginning balance, restated		278,341.24
		277,184.57
		277,184.57

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
Year Ended March 31, 2020

	Public Housing
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tenant receipts	\$ 118,063.59
Other receipts	307.87
Tenant security deposits	(40.00)
Cash payments for goods and services	(148,588.17)
Cash payments to employees for services	(28,527.02)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(58,783.73)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	35,067.00
HUD capital grants	45,000.00
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>80,067.00</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(146,700.29)
HUD capital grants	10,928.67
Insurance proceeds	48,709.42
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(87,062.20)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net (deposits) withdrawals to investments	(510.73)
Interest received	661.71
<b>NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>	<b>150.98</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(65,627.95)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>119,427.27</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 53,799.32</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (Loss)	\$ (91,290.21)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	31,643.88
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	5.00
(Increase) decrease in prepaid expenses	(792.19)
(Increase) decrease in deferred outflows of resources	22,200.83
Increase (decrease) in accounts payable	1,946.39
Increase (decrease) in trust and deposit liabilities	(40.00)
Increase (decrease) in unearned revenues	(17.00)
Increase (decrease) in accrued wages and benefits payable	7,477.31
Increase (decrease) in accrued compensated absences	2,449.24
Increase (decrease) in net pension liability	(72,005.01)
Increase (decrease) in net OPEB liability	(3,790.35)
Increase (decrease) in deferred inflows of resources	43,428.38
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (58,783.73)</b>

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2020

**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 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 basic 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 consist 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 basic 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 out flows of resources, liabilities, deferred inflows of resources, fund 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, deferred outflow of resources, liabilities and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in 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.

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 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.

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2020

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

The reporting model as defined in Statement No. 34 and modified establishes criteria (percentage of the combined assets and deferred outflows of resources, combined liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. The Authority only has the Public Housing Program therefore it is the sole major Fund.

Budgetary Process

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

Estimates

The preparation of basic 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, liabilities, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

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 basic 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".

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 a cost of \$500 or more as purchases and construction outlays occur.

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2020

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

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

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

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 and OPEB investments, the net difference between actual expected and actual experience with regard to economic and demographic factors in the measurement of the total pension and OPEB liabilities, 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 and OPEB liabilities and collective deferred outflows of resources and deferred inflows of resources related to pensions and OPEB. Deferred outflows also contain employer pension and OPEB 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 and OPEB 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 and OPEB liabilities, 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 and OPEB liabilities and collective deferred outflows of resources and deferred inflows of resources related to pensions and OPEB.

Use of Restricted/Unrestricted Components of Net Position

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

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

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

Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average pooled cash and investments balance.

Compensated Absences

Annual vacation leave may not be used until earned. Employees, generally, shall be encouraged to take annual vacations to the extent of the amount of earned annual leave. Annual leave not taken by employees may not be accumulated and employees forfeit their annual vacation leave. Sick leave may be accumulated up to 360 hours for full-time employees. Upon retirement or termination, the employee shall be paid an amount equal to fifty percent of their accumulated sick leave.

Income Taxes

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

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 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").

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.

Leases

The majority of leases and subleases are short-term operating leases.

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**NOTE B - DEPOSITS AND INVESTMENTS**

At March 31, 2020, the Authority's carrying amount of deposits was \$109,809.46 and the bank balances were \$108,440.84. The Authority had cash on hand of \$39.46 as of March 31, 2020.

As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of \$250,000 (including accrued interest) 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. The entire balance was covered FDIC insurance and the Public Deposit Protection Act.

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at March 31, 2020 is as follows:

Tenants	\$	29.00
Allowance for doubtful accounts		-
		29.00
	\$	29.00

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2020 is as follows:

HUD - operating subsidy	\$	794.50
HUD - capital fund		9,792.33
		10,586.83
	\$	10,586.83

**NOTE E - RESTRICTED ASSETS**

Restricted cash and cash equivalents in the Public Housing consisted of tenant security deposits of \$8,758 and insurance proceeds restricted for related repairs of \$7,468.71.

**NOTE F – ACCOUNTS PAYABLE**

Accounts payable of \$7,670.75 as presented in the Statement of Net Position as of March 31, 2020 was made up of payables to vendors and contractors.

**NOTE G—ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of March 31, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	\$ <u>99.00</u>	\$ <u>2,449.24</u>	\$ <u>-</u>	\$ <u>2,548.24</u>	\$ <u>31.25</u>

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**NOTE H – CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2020, was as follows:

	Balance 4/1/2019	Increases	Decreases	Balance 3/31/2020
<b>Non-depreciable assets:</b>				
Land	\$ 14,277.85	\$ -	\$ -	\$ 14,277.85
Construction in progress	-	-	-	-
<b>Total non-depreciable assets</b>	<u>14,277.85</u>	<u>-</u>	<u>-</u>	<u>14,277.85</u>
<b>Depreciable assets</b>				
Buildings	1,602,134.94	113,426.34	-	1,715,561.28
Equipment - Dwelling	19,576.15	1,215.48	-	20,791.63
Equipment - Administration	41,933.50	706.93	(2,028.01)	40,612.42
<b>Total depreciable assets</b>	<u>1,663,644.59</u>	<u>115,348.75</u>	<u>(2,028.01)</u>	<u>1,776,965.33</u>
<b>Total Capital Assets</b>	<u>1,677,922.44</u>	<u>115,348.75</u>	<u>(2,028.01)</u>	<u>1,791,243.18</u>
<b>Accumulated depreciation</b>				
Buildings	1,421,172.21	29,004.55	-	1,450,176.76
Equipment - Dwelling	11,770.71	1,676.21	-	13,446.92
Equipment - Administration	37,404.60	963.12	(2,002.27)	36,365.45
<b>Total accumulated depreciation</b>	<u>1,470,347.52</u>	<u>31,643.88</u>	<u>(2,002.27)</u>	<u>1,499,989.13</u>
<b>Depreciable assets, net</b>	<u>193,297.07</u>	<u>83,704.87</u>	<u>(25.74)</u>	<u>276,976.20</u>
<b>Capital assets, net</b>	<u>\$ 207,574.92</u>	<u>\$ 83,704.87</u>	<u>\$ (25.74)</u>	<u>\$ 291,254.05</u>

**NOTE I – UNEARNED REVENUE**

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2020 is as follows:

Prepaid rent	\$ <u>44.00</u>
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**NOTE I – NET POSITION**

The fund financial statements utilize a net position presentation. The components of net position are net investment in capital assets and unrestricted.

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- **Unrestricted** – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Authority had deficit unrestricted net position of \$21,538 that it plans to fund through future operations.

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**NOTE J – CONTINGENT LIABILITIES**

The Authority receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**NOTE K – DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The Housing Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan 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) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of March 31, 2020.

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the Housing Authority are provided with pensions through the 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 (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2019.* 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.

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**NOTE K – DEFINED BENEFIT PENSION PLAN (CONT'D)**

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

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

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

As of December 31, 2019, 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., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. 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 will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in 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 lifetime retirement benefit formula(s) 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, 2020:* Eligible employees and 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.* and § 24-51-413. Employee contribution rates for the period from January 1, 2019 through December 31, 2020 are summarized in the table below:

	January 1, 2019 Through December, 31 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.00%	8.50%
State Troopers Only	N/A	10.00%	10.50%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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**NOTE K – DEFINED BENEFIT PENSION PLAN (CONT'D)**

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
<b>Total employer contribution rate to the LGDTF</b>	<b>12.68%</b>	<b>13.18%</b>

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

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	N/A	12.00%	12.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	N/A	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	N/A	10.98%	11.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	N/A	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	N/A	1.50%	1.50%
<b>Total employer contribution rate to the LGDTF</b>	<b>N/A</b>	<b>14.68%</b>	<b>15.18%</b>

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Housing Authority were \$7,961 for the year ended March 31, 2020.

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

At March 31, 2020, the Housing Authority reported a liability of \$66,684 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Housing Authority proportion of the net pension liability was based on Housing Authority contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

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**NOTE K – DEFINED BENEFIT PENSION PLAN (CONT'D)**

At December 31, 2019, the Housing Authority proportion was .0091173747 percent, which was a decrease of .001914 percent from its proportion measured as of December 31, 2018.

For the year ended March 31, 2020, the Housing Authority recognized pension income of \$2,652. At March 31, 2020, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$	--	\$	--
Difference between expected and actual experience	\$	4,364	\$	--
Difference between projected and actual earnings on pension plan investments	\$	--	\$	(27,281)
Changes in proportion differences between employer contributions and proportionate share of contributions	\$	1,355	\$	(11,029)
Contributions paid to PERA subsequent to the measurement date – Jan. 1, 2020 thru Mar. 31, 2020	\$	2,171	\$	--
<b>Total</b>	<b>\$</b>	<u>7,890</u>	<b>\$</b>	<u>(38,310)</u>

\$2,171 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended March 31:</b>	
2021	\$ (12,153)
2022	(9,970)
2023	(1,160)
2024	(9,308)
	<u>\$ (32,591)</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2018 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

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**NOTE K – DEFINED BENEFIT PENSION PLAN (CONT'D)**

Post-retirement benefit increases:

PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) <sup>1</sup>	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions 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.

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, 2018, valuation 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.

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**NOTE K – DEFINED BENEFIT PENSION PLAN (CONT'D)**

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%
<b>Total</b>	<b>100.00%</b>	

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 percent.

*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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 for each year, including the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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**NOTE K – DEFINED BENEFIT PENSION PLAN (CONT'D)**

- 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Housing Authority's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$122,493	\$66,684	\$19,749

*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](http://www.copera.org/investments/pera-financial-reports).

Payables to the Pension Plan

At March 31, 2020, the Authority had payables of \$1,244 to the defined benefit pension plan for legally required employer and employee contributions which had been withheld from employee wages but not yet remitted to PERA.

**NOTE L – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* The 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 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,

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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 (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 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.

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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 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 Housing Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Housing Authority were \$640 for the year ended December 31, 2020.

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

At March 31, 2020, the Housing Authority reported a liability of \$3,211 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Housing Authority proportion of the net OPEB liability was based on the Housing Authority contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Housing Authority proportion was .0006982893 percent, which was a decrease of .0000157 from its proportion measured as of December 31, 2018.

For the year ended March 31, 2020, the Housing Authority recognized OPEB expense of \$263. At March 31, 2020, the 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	\$ 65	\$ --
Difference between expected and actual experience	\$ 26	\$ (1,319)
Difference between projected and actual earnings on OPEB plan investments	\$ --	\$ (131)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 478	\$ (1,761)
Contributions subsequent to the measurement date – Jan. 1, 2020 thru March 31, 2020	\$ 175	\$ --
<b>Total</b>	<b>\$ 744</b>	<b>\$ (3,211)</b>

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\$175 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 March 31, 2021. 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 March 31:**

2021	\$	(506)
2022		(506)
2023		(469)
2024		(518)
2025		(596)
Thereafter		(47)
	\$	(2,642)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
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.

The actuarial assumptions used in the December 31, 2018, valuation 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 2019 for the PERA Benefit Structure:

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<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

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**NOTE L – 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

Post-retirement non-disabled 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.

Post-retirement non-disabled 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.

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

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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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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%
<b>Total</b>	<b>100.00%</b>	

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 percent.

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*Sensitivity of the Housing Authority 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
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$7,662	\$7,849	\$8,064

*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, 2019, 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 percent.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the Housing Authority 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	\$8,875	\$7,849	\$6,971

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*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Payables to the OPEB Plan

At March 31, 2020, the Authority had payables of \$61 to the defined benefit other post-employment benefit plan for legally required employer contributions which have not yet remitted to PERA.

**NOTE M – SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

**NOTE N – PRIOR PERIOD ADJUSTMENTS**

In the prior year the Authority incurred storm damage where it had an insurance claim where total proceeds of \$107,081 should have been recognized as revenue and a corresponding receivable should have been recorded. The Authority recorded the proceeds received of \$58,372 as a payable in the prior year instead of as revenue and did not recognize the remaining \$48,709.19 as income and an accounts receivable.

REQUIRED SUPPLEMENTAL INFORMATION –  
GASB 68 SCHEDULES AND NOTES

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SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

Year End Date (Measurement Date)	Authority's Proportion of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered Payroll	Authority's Proportionate Share of the Net Pension Liability/Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2014	0.010042% \$	98,009 \$	4,586	2137.3253%	80.7000%
12/31/2015	0.101919%	112,272	57,882	193.9670%	76.9000%
12/31/2016	0.010464%	141,300	63,885	221.1787%	73.6000%
12/31/2017	0.010302%	114,709	64,992	176.4971%	79.3700%
12/31/2018	0.011031%	138,689	72,355	191.6785%	75.9600%
12/31/2019	0.009117%	66,684	62,787	106.2064%	86.2633%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

Authority Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
3/31/2015	\$ 2,326	\$ (2,326)	-	\$ 18,342	12.68%
3/31/2016	7,339	(7,339)	-	57,882	12.68%
3/31/2017	8,317	(8,317)	-	65,591	12.68%
3/31/2018	9,336	(9,336)	-	68,150	13.70%
3/31/2019	8,482	(8,482)	-	66,890	12.68%
3/31/2020	8,464	(8,464)	-	66,755	12.68%

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

*2019 Changes in Plan Provisions Since 2018*

- Senate Bill (SB) 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision (AAP). The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by .5 percent
  - Employer contribution rates increase by .5 percent
  - Annual Increase (AI) cap is lowered from 1.5 percent per year to 1.25 percent per year.
- House Bill (HB) 19-1217, enacted May 20, 2019, repealed the member contribution increase scheduled for the Local Government Division pursuant to SB 18-200.
- 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.

*2018 Changes in Plan Provisions Since 2017*

- 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*

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals 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 Health Care Trust Fund (HCTF) in the amount of \$1,063 and \$96, respectively.
- Pursuant to HB 17-1,265, the Amortization Equalization Disbursement (AED) and Supplemental Amortization

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

Equalization Disbursement (SAED) contribution rates are adjusted for employers in the Judicial Division as follows:

- For the calendar year beginning in 2019, C.R.S. § 24-51-411(4.5) increased the AED payment to 3.40 percent of PERA-includable salary and requires the AED payment to increase by 0.40 percent at the start of each of the following four calendar years through 2023 at which time the AED payment will be 5.00 percent of PERA-includable salary.
  - For the calendar year beginning in 2019, C.R.S. § 24-51-411(7.5) increased the SAED payment to 3.40 percent of PERA-includable salary and requires the SAED payment to increase by 0.40 percent at the start of each of the following four calendar years through 2023 at which time the SAED payment will be 5.00 percent of PERA-includable salary.
- 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 PCOPs issued in 1997 and 2008 and refinanced thereafter.

*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.

*2012 Changes in Plan Provisions Since 2011*

- The valuation reflects the disaffiliation of Memorial Health System (Memorial), formerly the largest employer of the Local Government Division, as of October 1, 2012. For the purposes of the December 31, 2012, actuarial

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
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**NOTE A – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION (CONT'D)**

valuation, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of Memorial that had not refunded their PERA member contribution accounts. Additionally, no additional incoming dollars were assumed added to the Local Government Division Trust Fund, as there was ongoing litigation regarding the potential dollars owed to the Local Government Division Trust Fund due to the disaffiliation.

- Pursuant to SB II-076, there was a short-term contribution "swap" between employers and active members in the State and judicial Divisions covering the period July 1, 2011, through June 30, 2012. Active member contributions for the period were increased by 2.5 percent of pensionable payroll and employer contributions were reduced by that amount.
- 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 PCOPs issued in 1997 and 2008 and refinanced thereafter.

*2011 Changes in Plan Provisions Since 2010*

- Pursuant to SB 10-146, there was a short-term contribution "swap" between employers and active members in the State and judicial Divisions covering the period July 1, 2010, through June 30, 2011. The enactment of SB 11-076 extended the contribution swap an additional year, from July 1, 2011, through June 30, 2012. Active member contributions for both periods were increased by 2.5 percent of pensionable payroll and employer contributions were reduced by that amount.
- 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 PCOPs issued in 1997 and 2008 and refinanced thereafter.

*2010 Changes in Plan Provisions Since 2009*

- The valuation reflects the addition of the DPS benefit structure as a result of the merger of DPSRS into PERA as a separate division, effective January 1, 2010. Major plan provisions adopted as part of the merger legislation (SB 09-282) include:
  - Transfers from the DPS Division to other Divisions may build upon a DPS benefit structure benefit within those Divisions.
  - Hourly and part-time employees of Denver Public Schools become members of the DPS Division as of January 1, 2010, with no past service credit.
  - 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 PCOPs issued in 1997 and 2008. Colorado statutes call for a "true-up" in 2015, and every five years following, with the expressed purpose of adjusting the total DPS contribution rate to ensure equalization of the ratio of UAAL over payroll between the DPS and School Divisions at the end of the 30-year period beginning January 1, 2010.
- Pursuant to SB 10-146, there was a short-term contribution "swap" between employers and active members in the State and judicial Divisions covering the period July 1, 2010, through June 30, 2011. Active member contributions for this period were increased by 2.5 percent of pensionable payroll and employer contributions were reduced by that amount.

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

*2019 Changes in Assumptions or Other Inputs Since 2018*

- The assumption used to value the AI cap benefit provision was changed from 1.5 percent to 1.25 percent.

*2018 Changes in Assumptions or Other Inputs Since 2017*

- The single equivalent interest rate (SEIR) for the State Division was increased from 4.72 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.
- The SEIR for the School Division was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.
- The SEIR for the Judicial Division was increased from 5.41 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP thereby eliminating the need to apply the municipal bond index rate.

*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.

- The SEIR for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The SEIR for the School Division was lowered from 5.25 percent to 4.18 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The SEIR for the Judicial Division was increased from 5.18 percent to 5.41 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR for the State, School, and Judicial Divisions changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

*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,

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PENSION LIABILITY  
March 31, 2020

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

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.
- The SEIR for the State and School Divisions was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date.
- The SEIR for the Local Government Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.
- The SEIR for the Judicial Division was lowered from 5.73 percent to 5.18 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.57 percent on the prior measurement date to 3.86 percent on the measurement date.
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

*2015 Changes in Assumptions or Other Inputs Since 2014*

- The SEIR for the Judicial Division was lowered from 6.14 percent to 5.73 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.70 percent on the prior measurement date to 3.57 percent on the measurement date.
- 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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
March 31, 2020

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

- 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*

- The SEIR for the judicial Division was lowered from 6.66 percent to 6.14 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNR and the resulting application of the municipal bond index rate from 4.73 percent on the prior measurement date to 310 percent on the measurement date.
- 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.

*2012 Changes in Assumptions or Other Inputs Since 2011*

- The price inflation assumption was lowered from 3.75 percent to 3.50 percent.
- The wage inflation assumption was lowered from 4.50 percent to 4.25 percent.
- The rates of retirement, withdrawal, mortality and disability were revised to more closely reflect actual experience.
- The post-retirement mortality tables used were changed to the RP-2000 Combined Mortality tables projected with Scale AA to 2020, set back one year for males and two years for females.
- The investment return assumption was changed to be only net of investment expenses to better represent the investment consultant's assumptions and predictions and also to better align with recent changes in GASB accounting and reporting requirements. An ongoing estimated administrative expense of 0.35 percent of pensionable payroll was added to the normal cost beginning with the December 31, 2012, actuarial valuation.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
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March 31, 2020

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

- To reflect the short-term contribution "swap" between employers and active members covering the period July 1, 2010, through June 30, 2012, the actuarially determined contribution (ADC) has been adjusted in the State and Judicial Divisions.

*2011 Changes in Assumptions or Other Inputs Since 2010*

- To reflect the short-term contribution "swap" between employers and active members covering the period July 1, 2010, through June 30, 2012, the ADC has been adjusted in the State and Judicial Division.

*2010 Changes in Assumptions or Other Inputs Since 2009*

- Assumptions were supplemented to provide for the valuation of the DPS benefit structure added as a result of the merger of DPSRS into PERA as a separate division, effective January 1, 2010.
- To reflect the short-term contribution "swap" between employers and active members covering the period July 1, 2010, through June 30, 2012, the ADC has been adjusted in the State and judicial Division.

REQUIRED SUPPLEMENTAL INFORMATION –  
GASB 75 SCHEDULES AND NOTES

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 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 March 31, 2020

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)

Year End Date (Measurement Date)	Authority's Proportion of the Collective Net OPEB Liability (Asset)	Authority's Proportionate Share of the of the Collective Net OPEB Liability (Asset)	Authority's Covered Payroll	Authority's Proportionate Share of the Collective Net OPEB Liability as a Percentage of Covered Paryoll	Plan Fiduciary Net Position as a Percentage of of the Total OPEB Liability (Asset)
12/31/2017	0.000801% \$	10,404 \$	64,992	16.0081%	17.5300%
12/31/2018	0.000855%	11,639	72,355	16.0860%	17.0300%
12/31/2019	0.000698%	7,849	62,787	12.5010%	24.4883%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

Authority Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
3/31/2018	\$ 695	\$ (695)	-	\$ 68,150	1.02%
3/31/2019	682	(682)	-	66,890	1.02%
3/31/2020	681	(681)	-	66,755	1.02%

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY  
March 31, 2020

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

*2019 Changes in Plan Provisions Since 2018*

- There were no changes made to the plan provisions.

*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.

*2016 Changes in Plan Provisions Since 2015*

- There were no changes made to plan provisions.

*2015 Changes in Plan Provisions Since 2014*

- There were no changes made to plan provisions.

*2014 Changes in Plan Provisions Since 2013*

- There were no changes made to plan provisions.

*2013 Changes in Plan Provisions Since 2012*

- There were no changes made to plan provisions.

*2012 Changes in Plan Provisions Since 2011*

- The Memorial Health System (Memorial), disaffiliated from the Local Government Division, hence ending participation in the HCTF, on October 1, 2012. For the purpose of disclosure as of the December 31, 2012, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of Memorial that had not refunded their PERA member contribution accounts. Additionally, no additional incoming dollars were assumed added to the HCTF as of December 31, 2012, as there was ongoing litigation regarding the potential dollars owed to the Local Government Division Trust Fund and the HCTF due to the disaffiliation.

*2011 Changes in Plan Provisions Since 2010*

- There were no changes made to plan provisions.

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

*2010 Changes in Plan Provisions Since 2009*

- The Denver Public Schools Retirement System (DPSRS) merged into PERA, effective January 7, 2010, as a separate division, the Denver Public Schools (DPS) Division. Also effective January 1, 2010, the liabilities and assets of the Denver Public Schools Retiree Health Benefit Trust were transferred into the newly created DPS HCTF. The valuation reflects the addition of the DPS benefit structure as a result of the merger. Hence, transfers from the DPS Division to the other PERA divisions covered by the HCTF may build upon a DPS benefit structure benefit within the HCTF and transfers from the other PERA divisions to the DPS Division covered by the DPS HCTF may build upon a PERA benefit structure benefit within the DPS HCTF.

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

*2019 Changes in Assumptions or Other Inputs Since 2018*

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

*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.

*2016 Changes in Plan Provisions Since 2015*

- The following methodology change was made:
  - The Entry Age Normal actuarial cost method allocation basis has been changed from a level dollar amount to a level percentage of pay.
- The following changes were made to the actuarial assumptions:
  - The investment rate of return assumption decreased from 7.50 percent to 7.25 percent.
  - The price inflation assumption decreased from 2.80 percent to 2.40 percent.
  - The wage inflation assumption decreased from 3.90 percent to 3.50 percent.
  - 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 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 a 73 percent factor applied to ages below 80 and a 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.
  - The post-retirement mortality assumption for healthy lives for the School, judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY  
March 31, 2020

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

- gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, for males, and a 68 percent factor applied to ages below 80 and a 106 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 assumed rates of withdrawal, retirement, and disability have been adjusted to more closely reflect experience.
- The assumed rates of PERACare participation have been revised to reflect more closely actual experience.
- 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 have been updated to reflect the change in costs for the 2017 plan year.
- The percentage of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage have been revised to reflect more closely actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage has been revised to reflect more closely actual experience.
- The health care cost trend rates for Medicare Part A premiums have been revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire have been revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, have been revised to more closely reflect actual experience.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees was revised to reflect more closely actual experience.
- The assumed age differences between future retirees and their participating spouses have been revised to reflect more closely actual experience.

*2015 Changes in Assumptions or Other Inputs Since 2014*

- The following methodology changes were made:
  - Rates of morbidity to model the growth in assumed claims as a PERACare enrollee ages have been added to the process used to project per capita health care costs of those PERACare enrollees under the PERA benefit structure who have attained age 65 and older and are not eligible for premium-free Medicare Part A benefits.
  - Adjustments were made to the timing of the normal cost and unfunded actuarial accrued liability (UAAL) payment calculations to reflect contributions throughout the year.
- The following changes were made to the actuarial assumptions:
  - The percentage of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage have been revised to more closely reflect actual experience.
  - 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 have been updated to reflect the change in costs for the 2016 plan year.
  - The health care cost trend rates for Medicare Part A premiums have been revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY  
March 31, 2020

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

*2014 Changes in Assumptions or Other Inputs Since 2013*

- The following change was made to the actuarial assumptions:
  - 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 have been updated to reflect the change in costs for the 2015 plan year.
- The following other change was made:
  - 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 disaffiliation 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 7,556 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 \$86,006 and \$3,994, respectively.

*2013 Changes in Assumptions or Other Inputs Since 2012*

- The following changes were made to the actuarial assumptions:
  - The investment rate of return assumption decreased from 8.00 percent to 7.50 percent per annum.
  - The price inflation assumption decreased from 3.50 percent to 2.80 percent per annum.
  - The wage inflation assumption decreased from 4.25 percent to 3.90 percent per annum.
  - Effective January 1, 2014, PERACare no longer participates in the Centers for Medicare & Medicaid Services (CMS) Retiree Drug Subsidy (RDS) program. PERACare enrollees participating in the self-insured Medicare supplement plans and the Medicare HMO plan offered by Rocky Mountain Health Plans now receive their prescription drug benefits through a Medicare Prescription Drug Plan. The liability associated with the RDS has been eliminated.
  - 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 have been updated to reflect the change in costs for the 2014 plan year.
  - The health care cost trend rates for Medicare Part A premiums have been revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
  - The utilization rates for the No Part A subsidy of both retirees and their spouses have been revised.

*2012 Changes in Assumptions or Other Inputs Since 2011*

- The following changes were made to the actuarial assumptions:
  - The price inflation assumption decreased from 3.75 percent to 3.50 percent.
  - The wage inflation assumption decreased from 4.50 percent to 4.25 percent.
  - The post-retirement mortality assumption for healthy lives changed to the RP-2000 Combined Mortality Table rates projected with Scale AA to 2020 (set back one year for males and two years for females).
  - The active member mortality assumption was revised to match the post-retirement mortality table. However, the percentages of the post-retirement mortality tables reflected on active member lives were changed to 55 percent for males and 40 percent for females.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY  
March 31, 2020

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

- The RP-2000 Disability Mortality Table was retained. The setback applied to the male disability mortality rates remains unchanged at two years, however, the setback applied to the female mortality rates changed from five years to two years.
- The rates of withdrawal were revised to more closely reflect actual experience.
- The rates of early, reduced retirement for all divisions decreased and the rates for unreduced retirements increased to more closely reflect actual experience.
- The rates of disability from active service decreased slightly to more closely reflect actual experience.
- The investment return assumption was changed to be only net of investment expenses to better represent the investment consultant's assumptions and predictions and also to better align with recent changes in GASB accounting and reporting requirements.
- The rates of participation in PERACare for current and future participants of all divisions and DPS Division deferred vested members have been revised to more closely reflect actual experience.
- The percentage of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage have been revised to more closely reflect actual experience.
- The average age difference between covered male and female spouses has been updated to reflect actual experience.
- 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 have been updated to reflect the change in costs for the 2013 plan year.
- The initial per capita payments estimated to be made by CMS under the RDS program have been updated based upon the most recent attestation of actuarial equivalence.
- The health care cost trend rates for Medicare Part A premiums and RDS payments have been revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be actuarially equivalent has been increased to 2023.

*2011 Changes in Assumptions or Other Inputs Since 2010*

- The following changes were made to the actuarial assumptions:
  - 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 have been updated to reflect the change in costs for the 2012 plan year.
  - The initial per capita payments estimated to be made by CMS under the RDS have been updated based upon the most recent attestation of actuarial equivalence.
  - The health care cost trend rates for Medicare Part A premiums and RDS payments have been revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
  - The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be actuarially equivalent has been increased to 2019.

*2010 Changes in Assumptions or Other Inputs Since 2009*

- The following changes were made to the actuarial assumptions:
  - Assumptions were supplemented to provide for the valuation of the DPS benefit structure added as a result of the merger of the DPSRS into PERA, effective January 1, 2010.

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY  
March 31, 2020

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

- DPS HCTF was created on January 1, 2010, to provide health care subsidies for DPS retirees participating in PERACare.
- 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 have been updated to reflect the change in costs for the 2011 plan year.
- PERACare funding rates are used to determine the health care costs for participants enrolled in the self-insured plans who are expected to attain age 65 and older ages and not eligible for premium-free Medicare Part A.
- The starting per capita payments estimated to be made by the CMS under the RDS have been updated based upon the most recent attestation of actuarial equivalence.
- The health care cost trend rates for Medicare Part A premiums and RDS payments have been revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The percentage of PERACare enrollees who are projected to be age 65 and older, and estimated to not be eligible for premium-free Medicare Part A has been revised to reflect plan experience.
- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be actuarially equivalent has been increased to 2018.
- Liabilities for those members represented under both the PERA benefit structure and the DPS benefit structure have been allocated based upon member contribution account balances.

SUPPLEMENTAL INFORMATION

Housing Authority for the Town of Cheyenne Wells (CO026)

CHEYENNE WELLS, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2020

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$37,573	\$37,573		\$37,573
113 Cash - Other Restricted	\$7,469	\$7,469		\$7,469
114 Cash - Tenant Security Deposits	\$8,758	\$8,758		\$8,758
100 Total Cash	\$53,800	\$53,800		\$53,800
122 Accounts Receivable - HUD Other Projects	\$10,587	\$10,587		\$10,587
126 Accounts Receivable - Tenants	\$29	\$29		\$29
129 Accrued Interest Receivable	\$76	\$76		\$76
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,692	\$10,692		\$10,692
131 Investments - Unrestricted	\$56,050	\$56,050		\$56,050
142 Prepaid Expenses and Other Assets	\$2,148	\$2,148		\$2,148
150 Total Current Assets	\$122,690	\$122,690		\$122,690
161 Land	\$14,278	\$14,278		\$14,278
162 Buildings	\$1,715,561	\$1,715,561		\$1,715,561
163 Furniture, Equipment & Machinery - Dwellings	\$20,792	\$20,792		\$20,792
164 Furniture, Equipment & Machinery - Administration	\$40,612	\$40,612		\$40,612
166 Accumulated Depreciation	-\$1,499,989	-\$1,499,989		-\$1,499,989
160 Total Capital Assets, Net of Accumulated Depreciation	\$291,254	\$291,254		\$291,254
180 Total Non-Current Assets	\$291,254	\$291,254		\$291,254
200 Deferred Outflow of Resources	\$8,634	\$8,634		\$8,634
290 Total Assets and Deferred Outflow of Resources	\$422,578	\$422,578		\$422,578
312 Accounts Payable <= 90 Days	\$4,230	\$4,230		\$4,230
321 Accrued Wage/Payroll Taxes Payable	\$10,319	\$10,319		\$10,319
322 Accrued Compensated Absences - Current Portion	\$31	\$31		\$31
341 Tenant Security Deposits	\$8,758	\$8,758		\$8,758
342 Unearned Revenue	\$44	\$44		\$44
346 Accrued Liabilities - Other	\$3,440	\$3,440		\$3,440
310 Total Current Liabilities	\$26,822	\$26,822		\$26,822
354 Accrued Compensated Absences - Non Current	\$2,517	\$2,517		\$2,517
357 Accrued Pension and OPEB Liabilities	\$74,533	\$74,533		\$74,533
350 Total Non-Current Liabilities	\$77,050	\$77,050		\$77,050
300 Total Liabilities	\$103,872	\$103,872		\$103,872
400 Deferred Inflow of Resources	\$41,521	\$41,521		\$41,521
508.4 Net Investment in Capital Assets	\$291,254	\$291,254		\$291,254
511.4 Restricted Net Position	\$7,469	\$7,469		\$7,469
512.4 Unrestricted Net Position	-\$21,538	-\$21,538		-\$21,538
513 Total Equity - Net Assets / Position	\$277,185	\$277,185		\$277,185
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$422,578	\$422,578		\$422,578

Housing Authority for the Town of Cheyenne Wells (CO026)  
CHEYENNE WELLS, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2020

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$108,261	\$108,261		\$108,261
70400 Tenant Revenue - Other	\$16,584	\$16,584		\$16,584
70500 Total Tenant Revenue	\$124,845	\$124,845	\$0	\$124,845
70600 HUD PHA Operating Grants	\$78,464	\$78,464		\$78,464
70610 Capital Grants	\$20,721	\$20,721		\$20,721
71100 Investment Income - Unrestricted	\$665	\$665		\$665
71500 Other Revenue	\$2,960	\$2,960		\$2,960
71600 Gain or Loss on Sale of Capital Assets	-\$9,716	-\$9,716		-\$9,716
70000 Total Revenue	\$217,939	\$217,939	\$0	\$217,939
91100 Administrative Salaries	\$55,559	\$55,559		\$55,559
91200 Auditing Fees	\$3,947	\$3,947		\$3,947
91400 Advertising and Marketing	\$195	\$195		\$195
91500 Employee Benefit contributions - Administrative	\$9,463	\$9,463		\$9,463
91600 Office Expenses	\$4,910	\$4,910		\$4,910
91800 Travel	\$3,058	\$3,058		\$3,058
91900 Other	\$4,912	\$4,912		\$4,912
91000 Total Operating - Administrative	\$82,044	\$82,044	\$0	\$82,044
92400 Tenant Services - Other	\$12	\$12		\$12
92500 Total Tenant Services	\$12	\$12	\$0	\$12
93100 Water	\$6,516	\$6,516		\$6,516
93200 Electricity	\$11,689	\$11,689		\$11,689
93300 Gas	\$7,702	\$7,702		\$7,702
93600 Sewer	\$2,667	\$2,667		\$2,667
93000 Total Utilities	\$28,574	\$28,574	\$0	\$28,574
94100 Ordinary Maintenance and Operations - Labor	\$22,676	\$22,676		\$22,676
94200 Ordinary Maintenance and Operations - Materials and Other	\$11,031	\$11,031		\$11,031
94300 Ordinary Maintenance and Operations Contracts	\$12,990	\$12,990		\$12,990
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,038	\$2,038		\$2,038
94000 Total Maintenance	\$48,735	\$48,735	\$0	\$48,735
96110 Property Insurance	\$14,981	\$14,981		\$14,981
96120 Liability Insurance	\$1,917	\$1,917		\$1,917
96130 Workmen's Compensation	\$2,152	\$2,152		\$2,152
96140 All Other Insurance	\$342	\$342		\$342
96100 Total insurance Premiums	\$19,392	\$19,392	\$0	\$19,392
96210 Compensated Absences	\$1,923	\$1,923		\$1,923
96400 Bad debt - Tenant Rents	\$6,770	\$6,770		\$6,770
96000 Total Other General Expenses	\$8,693	\$8,693	\$0	\$8,693
96900 Total Operating Expenses	\$187,450	\$187,450	\$0	\$187,450
97000 Excess of Operating Revenue over Operating Expenses	\$30,489	\$30,489	\$0	\$30,489
97400 Depreciation Expense	\$31,644	\$31,644		\$31,644
90000 Total Expenses	\$219,094	\$219,094	\$0	\$219,094
10010 Operating Transfer In	\$45,000	\$45,000	-\$45,000	\$0
10020 Operating transfer Out	-\$45,000	-\$45,000	\$45,000	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,155	-\$1,155	\$0	-\$1,155
11030 Beginning Equity	\$171,259	\$171,259		\$171,259
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$107,081	\$107,081		\$107,081
11190 Unit Months Available	300	300		300
11210 Number of Unit Months Leased	300	300		300
11270 Excess Cash	\$70,631	\$70,631		\$70,631
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$113,426	\$113,426		\$113,426
11630 Furniture & Equipment - Dwelling Purchases	\$1,215	\$1,215		\$1,215
11640 Furniture & Equipment - Administrative Purchases	\$707	\$707		\$707

Housing Authority for the Town of Cheyenne Wells (CO026)

CHEYENNE WELLS, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2020

Project: CO02600001 CHEYENNE WELLS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$108,261		\$108,261
70400 Tenant Revenue - Other	\$16,584		\$16,584
70500 Total Tenant Revenue	\$124,845	\$0	\$124,845
70600 HUD PHA Operating Grants	\$33,464	\$45,000	\$78,464
70610 Capital Grants		\$20,721	\$20,721
71100 Investment Income - Unrestricted	\$665		\$665
71500 Other Revenue	\$2,960		\$2,960
71600 Gain or Loss on Sale of Capital Assets	-\$9,716		-\$9,716
70000 Total Revenue	\$152,218	\$65,721	\$217,939
91100 Administrative Salaries	\$55,559		\$55,559
91200 Auditing Fees	\$3,947		\$3,947
91400 Advertising and Marketing	\$195		\$195
91500 Employee Benefit contributions - Administrative	\$9,463		\$9,463
91600 Office Expenses	\$4,910		\$4,910
91800 Travel	\$3,058		\$3,058
91900 Other	\$4,912		\$4,912
91000 Total Operating - Administrative	\$82,044	\$0	\$82,044
92400 Tenant Services - Other	\$12		\$12
92500 Total Tenant Services	\$12	\$0	\$12
93100 Water	\$6,516		\$6,516
93200 Electricity	\$11,689		\$11,689
93300 Gas	\$7,702		\$7,702
93600 Sewer	\$2,667		\$2,667
93000 Total Utilities	\$28,574	\$0	\$28,574
94100 Ordinary Maintenance and Operations - Labor	\$22,676		\$22,676
94200 Ordinary Maintenance and Operations - Materials and Other	\$11,031		\$11,031
94300 Ordinary Maintenance and Operations Contracts	\$12,990		\$12,990
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,038		\$2,038
94000 Total Maintenance	\$48,735	\$0	\$48,735
96110 Property Insurance	\$14,981		\$14,981
96120 Liability Insurance	\$1,917		\$1,917
96130 Workmen's Compensation	\$2,152		\$2,152
96140 All Other insurance	\$342		\$342
96100 Total insurance Premiums	\$19,392	\$0	\$19,392
96210 Compensated Absences	\$1,923		\$1,923
96400 Bad debt - Tenant Rents	\$6,770		\$6,770
96000 Total Other General Expenses	\$8,693	\$0	\$8,693
96900 Total Operating Expenses	\$187,450	\$0	\$187,450
97000 Excess of Operating Revenue over Operating Expenses	-\$35,232	\$65,721	\$30,489
97400 Depreciation Expense	\$31,644		\$31,644
90000 Total Expenses	\$219,094	\$0	\$219,094
10010 Operating Transfer In	\$45,000		\$45,000
10020 Operating transfer Out		-\$45,000	-\$45,000
10100 Total Other financing Sources (Uses)	\$45,000	-\$45,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$21,876	\$20,721	-\$1,155
11030 Beginning Equity	\$171,259	\$0	\$171,259
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$127,802	-\$20,721	\$107,081
11190 Unit Months Available	300		300
11210 Number of Unit Months Leased	300		300
11270 Excess Cash	\$70,631		\$70,631
11620 Building Purchases	\$98,255	\$20,721	\$118,976
11630 Furniture & Equipment - Dwelling Purchases	\$1,215	\$0	\$1,215
11640 Furniture & Equipment - Administrative Purchases	\$707	\$0	\$707

GOVERNMENT AUDITING STANDARDS SECTION

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

**Independent Auditor's Report**

To the Board of Commissioners  
Housing Authority of the City of Cheyenne Wells, 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 financial statements of the Housing Authority of the City of Cheyenne Wells, Colorado, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Cheyenne Wells, Colorado's basic financial statements, and have issued our report thereon dated November 16, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Housing Authority of the City of Cheyenne Wells, 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Cheyenne Wells, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Cheyenne Wells, Colorado's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in 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 certain deficiencies in internal control that we consider to be material weaknesses.

*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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 deficiencies described in the accompanying schedule of findings and responses as Findings 2020-1, 2020-2, 2020-3 and 2020-4 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Housing Authority of the City of Cheyenne Wells, Colorado's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 instances of noncompliance or other matters that are

required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as Findings 2020-3 and 2020-4.

### **Housing Authority of the City of Cheyenne Wells, Colorado's Responses to Findings**

Housing Authority of the City of Cheyenne Wells, Colorado's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Housing Authority of the City of Cheyenne Wells, Colorado's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

### **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 result 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, CPAs*

York, Nebraska  
November 16, 2020

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
SCHEDULE OF FINDINGS AND RESPONSES  
March 31, 2020

**Finding 2020-1: Internal Control Structure**  
**Material Weakness**

**Criteria:** A properly designed internal control structure relies greatly on a proper segregation of duties between several individuals. In the ideal situation, duties related to initiating, authorizing, recording, processing and reporting financial data would be segregated so that there is a reasonable possibility that a material misstatement of the entity's financial statements would be prevented or detected. In addition, the authority should have effective controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. The application of such principles is necessary to ensure that the entity's financial statements and notes to the statements are prepared in accordance with generally accepted accounting principles.

**Condition:** The Authority consists of limited administrative employees and as a result does not have personnel to assign 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.

We did note areas specifically where a lack of segregation of duties could be addressed. The items noted are:

- The Authority is utilizing a debit card that has little to no controls over. These transactions are not adequately supervised by the Board of Commissioners.
- The Authority has several monthly payments that are paid monthly by a direct withdrawal from the checking account and these items are not adequately supervised by the Board of Commissioners.

**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 are deficiencies that result in more than a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected.

**Recommendation:** As noted above, the Authority has limited resources and additional controls are not financially feasible through the hiring of additional staff. In addition, the Board of Commissioners is considered a governing Board and the Board performing management or day-to-day activities is not recommended based on our previous experience and is not intended to be a solution to this situation. 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.

Regarding the debit card usage, we suggest the Authority try to obtain a credit card in Authority's name. Then each month when a check is written to pay the credit card statement, the supporting invoices could reviewed by a Board member that is signing the check. This review should be documented.

For the direct payments, a Board member should be reviewing the bank statement each month for the direct payments and a comparison to the supporting documentation should be done and documented.

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
March 31, 2020

**Finding 2020-2: Ineffective Oversight over Financial Reporting/Application of Generally Accepted Accounting Principles**  
**Material Weakness**

**Criteria:** The Authority should have effective controls over the monitoring of the period-end financial reporting process and the application of generally accepted accounting principles.

**Condition:** The Authority is required to report its financial information in accordance with generally accepted accounting principles. We noted the following instances of where those principles were not followed:

- The Authority had advances from the capital funds grant of \$5,500 that was recorded as a deposit in transit. As these funds were not in the Authority's possession, they should have been recorded as Due From Other Governments and not as Cash.
- The Authority has a \$500 capitalization policy but the update policy was not provided to the fee accountant and a \$150 threshold was still being used which resulted in \$41,582 of items being capitalized that did not meet the Authority's threshold.
- The Authority had a software support payment of \$812.95 that was expensed when \$609.71 should have been reported as prepaid expense at March 31, 2020.

**Cause:** The transactions in question were not adequately communicated to the Authority's fee accountant.

**Effect or Potential Effect:** The unadjusted financial statements were materially misstated as noted above. The accompanying financial statements have been adjusted accordingly.

**Recommendation:** The Authority should continue to update its fee accountant on any policy changes that effect the accounting. The Authority's staff should be aware of the items reported above so that if they occur again in the future that they can be properly reported.

**Finding 2020-3: Capital Funds**  
**Material Weakness/Noncompliance**  
**Questioned Costs - \$15,171**

**Criteria:** The Authority is awarded an annual Capital Fund grant each year. The Authority prepares a five-year plan which indicates what each annual grant will be spent. This annual budget is modified upon the grant award to match the grant amount. Only items included within the budget are allowable costs.

**Condition:** During the year, we noted the Authority expended \$2,550 of its 2018 Capital Funds grant and \$12,621 of its 2019 Capital Funds grant for items that were not included as work items in the approved budget.

**Cause:** The Authority was not adequately monitoring grant expenditures to ensure they were properly budgeted with the grant prior to requisitioning the funds.

**Effect or Potential Effect:** \$15,171 of costs are being questioned as unallowable costs.

**Recommendation:** The Authority should review the items with HUD and determine if they can do a budget revision to correct the error or what other action should be taken. For future grants, the Authority must ensure all work items are included in the budget prior to incurring the expense.

HOUSING AUTHORITY OF THE CITY OF CHEYENNE WELLS, COLORADO  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
March 31, 2020

**Finding 2020-4: Health Insurance Contribution**  
**Material Weakness/Noncompliance**

**Criteria:** Payments directly to employees in lieu of providing health insurance should be taxed in accordance with IRS regulations.

**Condition:** During the year, we noted the Authority was making monthly untaxed payments directly to the Executive Director in lieu of providing health insurance. These payments totaled \$2,800 for the fiscal year. Based on how the payments are structured, the payments should have been treated as taxable-income and had payroll taxes withheld.

**Cause:** The Authority was not aware these types of payments should be taxed.

**Effect or Potential Effect:** The Authority did withhold for \$2,800 of payments that should have been treated as wages in accordance with IRS guidelines.

**Recommendation:** The Authority should review the IRS regulations begin taxing these payments. The Authority could consider combining these payments with the Executive Directors regular salary.

# CHEYENNE WELLS HOUSING AUTHORITY

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Cheyenne Wells, CO 80810

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Fax (719) 767-5396

[cwha@rebeltec.net](mailto:cwha@rebeltec.net)  
Mari Mitchek, Executive Director

## Finding 2020-1

The Authority is relatively small with limited administrative staff. Further, the Board of Commissioners is a volunteer oversight board and not a managing board and does not have the time or expertise to provide the necessary services to correct the internal control deficiencies noted. The Board has reviewed the issue and determined that there are no additional procedures which can be reasonably be done to eliminate the deficiencies and accepts them.

## Finding 2020-2

The Authority has corrected our Capitalization Policy with fee accountant and will move forward with a new Capitalization Policy and will make sure to send new Policy to accountants when needed.

## Finding 2020-3

The Authority reach out and ask for help from their portfolio manager with HUD to revise said grants. Moving forward the Authority will be more observative of situation like this.

## Finding 2020-4

The Authority will review and apply all IRS regulations from this point on. They Authority will also inform accountant that handles payroll to add medical allowance to paychecks instead of writing individual checks that are not having deductions.

Mari Mitchek  
Executive Director  
Cheyenne Wells Housing Authority