

Financial Statements of the
**HOUSING AUTHORITY OF THE COUNTY
OF SALT LAKE**
Salt Lake City, Utah
For the years ended June 30, 2016 and 2015
Including Independent Auditors' Reports,
Management's Discussion and Analysis, and
Supplemental Information

Housing Authority of the County of Salt Lake

Table of Contents

Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 12
Basic Financial Statements	
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes In Net Position	15
Statements of Cash Flows	16
Notes to Financial Statements	17 - 33
SUPPLEMENTAL INFORMATION	
Financial Data Schedules	
Statement of Net Position by Program – Schedule 1	35
Statement of Revenues, Expenses, and Changes in Net Position by Program – Schedule 2	36
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37 - 38
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	39 - 40
Schedule of Expenditures of Federal Awards	41 - 42
Schedule of Findings and Questioned Costs	43 - 44
Schedule of Findings and Questioned Costs-Prior Year	45
Independent Auditors' Report on Compliance and on Internal Controls over Compliance in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i>	46 - 47



Certified Public Accountants and Business Advisors

low income housing, pension plans, business services,
auditing, tax preparation and financial planning

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the County of Salt Lake (the Authority), which comprise the Combined Statement of Net Position as of June 30, 2016 and 2015, and the related statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 County of Salt Lake as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 3 through 12 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information to 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 October 26, 2016, on our consideration of the Housing Authority of the County of Salt Lake'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the County of Salt Lake's internal control over financial reporting and compliance.

B2a, CPA

B2a, CPAs
Bountiful, Utah
October 26, 2016

HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE MANAGEMENT'S DISCUSSION AND ANALYSIS

The Housing Authority of the County of Salt Lake's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by \$700,000 from \$15.1 to \$15.8 million during 2016. \$700,000 of the increase is due to earned development fees from a completed development project. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Its unrestricted net assets remained constant during 2016 at \$5.0 million.
- Revenue increased by \$1.0 million from \$30.8 million in 2015 to \$31.8 million in 2016, an increase of 3%.
- The total expenses of all Authority programs decreased from \$31.6 million in 2015 to \$31.1 million in 2016, a decrease of \$500,000 or 2%. A new pension reporting requirement accounts for a \$400,000 decrease in expenses from 2015 to 2016.

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

MD&A

~ Management Discussion
and Analysis - pgs. 3 - 12

Basic Financial Statements

~ Authority-wide Financial Statements – pgs. 13-16
~ Notes to Financial Statements – pgs. 17-33

Other Required Supplementary Information

~ Required Supplementary Information pgs. 34-47
(other than MD&A)

The primary focus of the Authority’s financial statement is on both the Authority as a whole (Authority-wide) and the major individual programs. Both perspectives (authority-wide and major program) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements (see pgs. 13-16) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal Net Assets, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Program Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Program Net Assets is the “Change in Net Assets”, which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Program Financial Statements

The Authority consists of exclusively Enterprise Funds which utilizes the full accrual basis of accounting and is similar to accounting utilized by private sector accounting. To more accurately report the financials and not misrepresent reported units as funds under governmental accounting, the Authority designates reported units as programs. The Department of Housing and Urban Development requires many of the programs maintained by the Authority. Others are segregated to enhance accountability and control.

The Authority's Programs

Business Type Programs

Low Income Public Housing – Under the Low Income Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, which provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's Public Housing properties. The Housing Authority's financials for the Public Housing program are reported and managed under five different Asset Management Projects.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD, which provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Central Office Cost Center – Used to account for management, accounting, human resource and other centralized functions. This program is also used as a cash flow program primarily to facilitate cash balances, investments, and accounts receivable, accounts payable, and payroll processes.

Business Activities – Represents non-HUD resources developed from a variety of activities.

Component Units - Other organizations for which the nature and significance of their relationship with the primary organization are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

State and Local Tenant-Based Rental Assistance Programs - Various grants funded by the State of Utah to provide transitional housing to very low income families and individuals of Salt Lake County.

Other Non-major Programs – In addition to the major programs above, the Authority also maintains the following non-major programs. Non-major programs are defined as programs that have assets, liabilities, revenues, or expenses of 5% or less of the Authority's total assets, liabilities, revenues or expenses:

HOME Investment Partnerships Program – Grants funded by Salt Lake County providing transitional housing to very low income families of Salt Lake County that have been involved with the criminal justice system.

Community Development Block Grant Program - Community Development for Sandy, and Salt Lake County public housing communities that is intended to increase residents' access to services.

Resident Opportunities and Self-Sufficiency Program (ROSS) – A program for public housing residents that provides supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Shelter Plus Care Program and Continuum of Care Program – Grant programs funded by the Department of Housing and Urban Development that provide rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.

Supportive Housing Program – A program designed to promote the development of supportive housing and supportive services to assist homeless families with authorized funding from the McKinney-Vento Act.

Housing Opportunities for Persons with AIDS (HOPWA) – A grant program funded by the Department of Housing and Urban Development that provides rental assistance for low income persons medically diagnosed with HIV/AIDS and their families.

Criminal Justice Program – A program funded by the Salt Lake County Criminal Justice Department that provides short term housing for mental health court clients to help them transition back into the community.

Family Employment Housing Program - A program funded by Salt Lake County providing housing to low income families that have been refugees.

Housing Retention Program – A program funded by the Social Services Block Grant to help prevent participants of Public Housing or Housing Choice Vouchers from being evicted and becoming homeless.

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior years. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET ASSETS

	2016 (millions of dollars)	2015 (millions of dollars)
Unrestricted Current Assets	\$ 7.0	\$ 6.9
Restricted Current Assets	2.7	1.1
Capital Assets	17.5	18.3
Other Non-current Assets	2.6	1.6
Total Assets	<u>29.8</u>	<u>27.9</u>
Current Liabilities	1.5	1.6
Long-Term Liabilities	12.5	11.2
Total Liabilities	<u>14.0</u>	<u>12.8</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8.6	9.2
Restricted	2.2	0.9
Unrestricted	5.0	5.0
Total Net Assets	<u>\$15.8</u>	<u>\$15.1</u>

For more detailed information see page 13 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Unrestricted Current Assets continued to increase by \$100,000 during 2016. Restricted Current Assets increased by \$1.6 million in 2016 mostly due to \$1.1 million held on behalf of Salt Lake County for shelter funding. Capital Assets decreased from \$18.3 million to \$17.5 million in 2016. Total Net Assets increased by \$700,000 in 2016 from mainly due to the recognition of development fees earned from a completed development project. Net assets invested in capital assets, net of related debt decreased from \$9.2 million to \$8.6 million in 2016. For more detail see "Capital Assets and Debt Administration" on page 10. Restricted Net Assets increased by \$1.3 million, again due to the \$1.1 million held for Salt Lake County for shelter funding. Unrestricted Net Assets has remained constant at \$5 million in 2016 or 31.6% of Total Net Assets.

TABLE 2**CHANGE OF UNRESTRICTED NET ASSETS**

The following schedule presents details on the change in Unrestricted Net Assets

	2016 (millions of dollars)	2015 (millions of dollars)
Beginning Balance - Unrestricted Net Assets	\$ 5.0	\$4.2
Results of Operations affecting Unrestricted Net Assets	(0.5)	0.2
Adjustments:		
Depreciation (1)	1.3	1.4
Adjusted Results from Operations	<u>0.8</u>	<u>1.6</u>
Net Capital Expenditures (2)	<u>(0.8)</u>	<u>(0.8)</u>
Ending Balance - Unrestricted Net Assets	<u><u>\$ 5.0</u></u>	<u><u>\$5.0</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

(2) Capital Expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the Results of Operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial wellbeing.

TABLE 3**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2016 (millions of dollars)	2015 (millions of dollars)
Revenues		
Tenant Revenue Rents	\$ 3.1	\$ 2.8
Operating Subsidies and Grants	26.9	26.7
Other Revenues	1.8	1.3
Total Revenue	<u>31.8</u>	<u>30.8</u>
Expenses		
Administrative	4.2	4.6
Tenant Services	1.3	1.1
Utilities	0.5	0.5
Maintenance	1.8	1.8
General	0.3	0.3
Casualty Losses	0.1	0.0
Housing Assistance Payments	21.4	21.6
Depreciation	1.3	1.4
Interest Expense	0.3	0.3
Total Expenses	<u>31.1</u>	<u>31.6</u>
Net Increase/(Loss)	<u>\$ 0.7</u>	<u>\$(0.8)</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Operating Subsidies and Grants increased in 2016 by \$200,000 due to funding increases of \$200,000 in Continuum of Care and \$100,000 in Housing Choice Vouchers and Capital Funds. Other Revenues increased by \$500,000 during 2016 with the Housing Assistance Rental Program gaining \$200,000 and the Housing Choice Voucher program gaining \$100,000 over the prior year. Tenant Revenue Rents continued to increase in 2016 by \$300,000.

Total housing assistance payments decreased by \$200,000 in 2016, with decreases of \$200,000 in the Housing Choice Voucher Program and the Family Employment Housing Program, but an increase of \$200,000 in the Housing Assistance Rental Program respectively. Administrative expenses decreased in 2016 by \$400,000 due to a one time pension liability accrual in 2015. An increase of \$200,000 occurred in tenant services in 2016 due to increased staffing.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the end of 2016, the Authority had \$17.5 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$800,000 (additions, deductions and depreciation) from the end of 2015.

TABLE 4

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION IN MILLIONS)**

	2016	2015
Land and land rights	\$ 6.2	\$ 6.3
Site Improvements	5.5	5.5
Buildings	41.0	41.3
Equipment – Administrative	1.4	1.5
Accumulated Depreciation	(37.5)	(36.8)
Construction In Progress	0.9	0.5
Total	<u>\$17.5</u>	<u>\$18.3</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 31 of the notes.

TABLE 5

CHANGE IN CAPITAL ASSETS (IN MILLIONS)

	2016	2015
Beginning Balance	\$ 18.3	\$ 18.9
Additions, Net of Retirements	0.5	0.8
Depreciation	(1.3)	(1.4)
Ending Balance	<u>\$17.5</u>	<u>\$18.3</u>

Major items effecting capital assets in 2016 were modernization of Public Housing and Owned Unit properties valued at \$1,300,000 and the sale of three properties in Owned Units valued at \$800,000. There was also a small amount of equipment purchases.

Debt Outstanding

As of year-end, the Authority had \$7.6 million in debt (bonds, notes, etc.) outstanding compared to \$7.5 million in 2015. The Authority has added \$400,000 in new debt over the last year, has retired \$100,000 in debt associated with the sale of some assets, and has paid its regularly amortized mortgage payments.

TABLE 6
OUTSTANDING DEBT, AT YEAR-END
(IN MILLIONS)

	2016	2015
<u>Program Type</u>		
Enterprise - Long Term	\$7.4	\$7.3
Enterprise – Current	0.2	0.2
Total	<u>\$ 7.6</u>	<u>\$ 7.5</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is:

Andre Bartlome
Chief Financial Officer
Housing Authority of the
County of Salt Lake
3595 South Main Street
Salt Lake City, UT 84115
bartlome@hacsl.org
(801) 284-4440

Housing Authority of the County of Salt Lake
Statements of Net Position
June 30, 2016

	<u>2016</u>	<u>2015</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash	\$ 1,383,920	\$ 2,618,707
Investments	3,108,869	2,217,828
Accounts Receivable - HUD	717,237	534,631
Accounts Receivable	438,358	430,982
Allowance for Doubtful Accounts	(13,895)	(12,980)
Accounts Receivable - Other	1,159,090	977,481
Current Portion of Notes Receivable	18,164	41,926
Inventory	71,609	64,309
Other Current Assets	130,158	79,527
Total Current Assets	<u>7,013,510</u>	<u>6,952,411</u>
Restricted Assets		
Cash	1,165,320	694,482
Investments	1,607,161	414,783
Total Restricted Assets	<u>2,772,481</u>	<u>1,109,265</u>
Noncurrent Assets		
Capital Assets		
Land	6,166,407	6,281,509
Buildings and Improvements	46,501,225	46,772,434
Furniture and Equipment	1,437,284	1,506,546
Construction in Progress	885,932	515,575
Total Capital Assets	54,990,848	55,076,064
Less: Accumulated Depreciation	(37,457,250)	(36,814,916)
Net Capital Assets	17,533,598	18,261,148
Other Assets		
Net Pension Asset	349	4,125
Notes and Mortgages Receivable	1,685,596	1,218,971
Total Noncurrent Assets	<u>19,219,543</u>	<u>19,484,244</u>
Total Assets	<u>29,005,534</u>	<u>27,545,920</u>
Deferred Outflow of Resources	<u>930,824</u>	<u>328,548</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,936,358</u>	<u>\$ 27,874,468</u>

Housing Authority of the County of Salt Lake
Statements of Net Position
June 30, 2016

	<u>2016</u>	<u>2015</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts Payable	\$ 585,097	\$ 794,940
Tenant Security Deposits	182,069	181,448
Accrued Liabilities	258,795	236,470
Other Current Liabilities	131,229	6,103
Unearned Income	217,760	234,327
Current Portion of Long-Term Debt	185,280	172,038
Total Current Liabilities	<u>1,560,230</u>	<u>1,625,326</u>
Noncurrent Liabilities		
Notes and Mortgages Payable, Less Current Portion	7,433,789	7,319,238
Accrued Pension and OPEB Liabilities	1,778,968	1,350,953
Other Long-Term Obligations	3,111,957	2,292,659
Total Noncurrent Liabilities	<u>12,324,714</u>	<u>10,962,850</u>
Total Liabilities	<u>13,884,944</u>	<u>12,588,176</u>
Deferred Inflow of Resources	<u>192,899</u>	<u>178,781</u>
Net Position		
Net Invested in Capital Assets	8,565,947	9,179,905
Restricted	2,244,260	927,817
Unrestricted	5,048,308	4,999,789
TOTAL NET POSITION	<u>15,858,515</u>	<u>15,107,511</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 29,936,358</u>	<u>\$ 27,874,468</u>

Housing Authority of the County of Salt Lake
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2016

	2016	2015
Operating Revenues		
Federal Subsidies	\$ 26,232,585	\$ 25,117,367
Rents	2,947,066	2,737,174
Other	2,150,809	2,396,328
Total Operating Revenues	<u>31,330,460</u>	<u>30,250,869</u>
Operating Expenses		
Administrative	4,199,247	4,567,626
Tenant Services	1,250,845	1,130,751
Utilities	519,112	502,693
Ordinary Maintenance and Operations	1,761,892	1,877,174
General	324,407	256,769
Housing Assistance Payments	21,393,299	21,587,471
Depreciation	1,265,306	1,389,334
Fraud Losses (Recoveries)	25,581	26,615
Total Operating Expenses	<u>30,739,689</u>	<u>31,338,433</u>
Income (Loss) From Operations	<u>590,771</u>	<u>(1,087,564)</u>
Nonoperating Income (Expense)		
Interest Income	40,879	23,677
Interest Expense	(258,104)	(263,826)
Gain (Loss) on Sale of Assets	(195,146)	-
Casualty Loss	(118,249)	(37,539)
Total Nonoperating Income (Expense)	<u>(530,620)</u>	<u>(277,688)</u>
Capital Grants	<u>644,483</u>	<u>565,115</u>
Change in Net Position	<u>704,634</u>	<u>(800,137)</u>
Net Position at Beginning of Year Prior to Restatement	15,107,511	16,516,590
Prior Period Adjustment	<u>46,370</u>	<u>(608,942)</u>
Net Position at End of Year	<u><u>\$ 15,858,515</u></u>	<u><u>\$ 15,107,511</u></u>

Housing Authority of the County of Salt Lake
Statements of Cash Flows
For the Years Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Federal Subsidies Received	\$ 26,297,796	\$ 25,050,923
Rents Received	2,940,605	2,744,671
Other Receipts	2,436,548	4,018,032
Cash Paid for Administrative Services	(4,176,922)	(3,439,586)
Cash Paid for Tenants Services	(1,250,224)	(1,130,751)
Cash Paid for Utilities	(519,112)	(502,693)
Cash Paid for Ordinary Maintenance and Operations	(1,769,192)	(1,913,013)
Cash Paid for General and Other Expenses	(973,132)	(520,595)
Cash Paid for Casualty Losses	(118,249)	(37,539)
Cash Paid for Fraud Losses	(25,581)	(26,615)
Cash Paid for Housing Assistance	(21,393,299)	(21,587,471)
Net Cash Provided (Used) in Operating Activities	<u>1,449,238</u>	<u>2,655,363</u>
Cash Flows From Capital Financing Activities		
Acquisition of Capital Assets	(732,902)	(756,048)
Proceeds from Issuance of Long-Term Debt	1,107,000	-
Retirement of Long-Term Debt	(159,909)	(199,269)
Net Cash Provided (Used) in Capital Financing Activities	<u>214,189</u>	<u>(955,317)</u>
Cash Flows From Investing Activities		
Investments Net Change	(2,083,419)	(467,236)
Notes Receivable Principal Payments Received	78,137	94,261
Loans Made	(521,000)	-
Net Cash Provided (Used) in Investing Activities	<u>(2,526,282)</u>	<u>(372,975)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(862,855)</u>	<u>1,327,071</u>
Cash and Cash Equivalents at Beginning of Year	<u>3,313,189</u>	<u>1,986,118</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,450,334</u>	<u>\$ 3,313,189</u>

Housing Authority of the County of Salt Lake
Statements of Cash Flows
For the Years Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Income (Loss)	\$ 704,634	\$ (800,137)
Adjustments to reconcile operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	1,265,306	1,389,334
Gain or Loss on Sale of Fixed Assets	195,146	-
Decrease (Increase) in Operating Assets:		
Accounts Receivable - HUD	(182,606)	(66,444)
Accounts Receivable - Other	(188,070)	1,004,830
Inventory	(7,300)	17,393
Current Assets	(50,631)	(25,849)
Net Pension Asset	3,776	(4,125)
Deferred Outflows of Resources	(602,276)	742,288
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(209,843)	(27,383)
Tenant Security Deposits	621	7,497
Accrued Liabilities	22,325	31,867
Other Current Liabilities	125,126	(445,271)
Unearned Income	(16,567)	28,082
OPEB Obligations	428,015	953,325
Deferred Inflows of Resources	14,118	(150,044)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,501,774</u>	<u>\$ 2,655,363</u>

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND HISTORY

The Housing Authority of the County of Salt Lake (the Authority) was established in 1970 for the purpose of providing affordable housing to individuals living in Salt Lake County.

The Authority supports a total of 3,628 housing units under 25 different housing programs. The Authority owns 626 units in its public housing program, of which 621 units are available for lease to low income and elderly individuals in accordance with U.S. Department of Housing and Urban Development (HUD) guidelines. Operating subsidies are received by the Authority directly from HUD. The Authority subsidizes rental expenses for 2,859 units which clients lease from private apartment owners. In addition, the Authority owns and operates 133 units which are not subject to HUD guidelines and for which no subsidies are received from HUD. All of these 133 units are available for lease.

INTER-PROGRAM TRANSACTIONS

Inter-program payables and receivables as of June 30, 2016 and 2015, totaling \$10,516,231 and \$8,246,254, respectively, have been eliminated from the statements of net position. Inter-program revenues and expenses for the years ending June 30, 2016 and 2015, of \$1,527,789 and \$1,726,287 respectively, have been eliminated from the statements of revenues, expenses and changes in net position.

BASIS OF PRESENTATION - FUND ACCOUNTING

The Authority prepares its financial statements in conformity with U.S. generally accepted accounting principles as applied to governmental entities and uses proprietary fund accounting. Proprietary fund accounting utilizes full accrual principles. Revenues are recognized as earned and expenses are recorded when incurred.

Operating income reported in the financial statements includes revenues and expenses related to the principal, continuing operations of the entity. Principal operating revenues include tenant rents and HUD grants. Principal operating expenses are the costs of providing goods or services and include administrative expenses, housing assistance payments and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Authority receives funding from a variety of sources. Certain funding sources require the observance of limitations and restrictions placed on the use of resources, appropriations, grants or contracts for various purposes. These resources are classified as restricted in accordance with those restrictions.

In accordance with HUD prescribed accounting practices, the Authority has adopted the Statement of Government Accounting Standards (SGAS) No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. Also in accordance with HUD prescribed reporting practices, the Authority accounts for all HUD-related and non-HUD operations as a single enterprise fund.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

BASIS OF ACCOUNTING

The Authority prepares its basic financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues at the time they are earned. Expenditures are recorded when incurred.

CLASSIFICATION OF REVENUE

Operating Revenues – Operating revenues include exchange transactions associated with providing housing and related services with federal operating subsidies and governmental grants that are directly related to the Authority's mission.

Non-operating Revenues – Non-operating revenues include interest revenue, and other revenues not meeting the definition of operating.

CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Cash and cash equivalents at June 30, 2016 and 2015 consists of cash on hand.

CAPITAL ASSETS

Capital assets are carried at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of 3 - 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized and depreciated.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES RECEIVABLE

Notes receivable consist of mortgages held, secured by real estate.

NET POSITION

The Authority's net positions are classified as follows:

Net Investment in Capital Assets – This component of net position consists of the Authority's net investment in capital assets, reduced by the outstanding debt related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

Restricted Net Position – This component of net position consists of that portion of net position restricted by covenants or donors to be expended for specific purposes, capital assets or debt service.

Unrestricted Net Position – This component of net position consists of net position which do not meet the definition of “restricted” or “net investment in capital assets”.

The Authority’s policy is to utilize restricted funds first for expenditures that qualify for both unrestricted and restricted expenditures.

INVENTORY

Inventory consists of expendable supplies held for maintenance and repairs. Supplies inventory is stated at average cost and is recorded as an expense at the time the individual inventory items are used. Inventory is reported net of allowance for obsolete inventory which was \$\$\$13,895 and \$12,980 at June 30, 2016 and 2015 respectively.

UNEARNED INCOME

Unearned Income consists of federal subsidies and rents for the following fiscal years which were received by the Authority on or before June 30, 2016 and 2015.

ACCRUED COMPENSATED ABSENCES

The balance of accrued liabilities at June 30, 2016 and 2015 of \$258,795 and \$236,470 includes current accrued compensated absences totaling \$235,301 and \$217,101 respectively. Other long-term obligations at June 30, 2016 and 2015 of \$3,088,688 and \$2,292,659, includes non-current accrued compensated absences totaling \$23,269 and \$0 respectively.

SUBSEQUENT EVENTS

Subsequent events were evaluated by management through October 26, 2016, which is the date the financial statements were available to be issued. No material subsequent events required to be disclosed were noted by management.

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 Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 2 – DEPOSITS

Deposits for the Authority are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, “the ACT”) and by rules of the Utah Money Management Council (“the Council”). Following are discussions of the Authority's exposure to various risks related to its cash management activities.

CUSTODIAL CREDIT RISK

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the Authority's deposits may not be recovered. The Authority's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of June 30, 2016 and 2015 \$912,234 and \$223,128 of the Authority's bank balances of \$1,481,538 and \$2,798,161 was uninsured and uncollateralized respectively.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed to period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity of all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations, to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Rule 2 of the Utah Money Management Council does not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's policy for reducing its exposure to credit risk is to comply with the Act as previously discussed.

CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's policy for reducing this risk of loss is to comply with the rules of the Council. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operations for less than 3 years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentration in certain types of investments.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 3 - INVESTMENTS

Investments at June 30, 2016 and 2015, totaling \$4,716,030 and \$2,632,611 respectively, consist of holdings in the Utah Public Treasurers' Investment Fund (PTIF). See the PTIF website for details at www.treasurer.state.ut.us.

NOTE 4 - ECONOMIC DEPENDENCY

A substantial portion of the Authority's revenue comes from U.S. Department of Housing and Urban Development (HUD). Operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with the change.

NOTE 5 - RESTRICTED ASSETS

Restricted assets at June 30, 2016 and 2015 totaling and consist of restricted cash of \$694,482 and \$684,289 and restricted investments of \$1,607,161 and \$414,783, respectively.

Restricted cash includes amounts not held in separate accounts for tenant security deposits of \$182,069 and \$181,448, respectively.

Restricted investments at June 30, 2016 and 2015 include amounts restricted for use in the Section 8 Housing Choice Voucher Program of \$341,922 and \$256,844, and amounts held for use in Component Units of \$157,939 and \$157,939, respectively.

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

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance to compensate for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies, which the Authority pays in the event of any loss. The Authority has also purchased a workers' compensation policy.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 7 - EMPLOYER PENSION DISCLOSURE

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 2005, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%

**with actuarial reductions*

***All post-retirement cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer rate for 401(k) Plan
Contributory System:				
111 Local Government Div - Tier 2	N/A	N/A	16.67	1.78
Noncontributory System				
15 Local Government Div - Tier 1	N/A	N/A	18.47	N/A

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 435,106	N/A
Tier 2 Public Employees System	179,102	-
Total Contributions	\$ 614,208	\$ -

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2016, we reported a net pension asset of \$350 and a net pension liability of \$1,778,969.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3143896%	\$0	\$1,778,969
Tier 2 Public Employees System	0.1601784%	\$350	\$0
		<u>\$350</u>	<u>\$1,778,969</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

System during the plan year.

For the year ended June 30, 2016, we recognized pension expense of \$357,844. At June 30, 2015, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$91,847
Changes in assumptions	\$0	\$101,054
Net difference between projected and actual earnings on pension plan investments	\$609,823	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$12,517	\$0
Contributions subsequent to the measurement date	\$308,484	\$0
	<u>\$930,824</u>	<u>\$192,901</u>

\$308,484 was reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2016	\$98,089
2017	\$98,089
2018	\$99,838
2019	\$138,463
2020	(\$935)
Thereafter	(\$4,104)

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupancy and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		Long Term expected portfolio real rate of return
	Target asset allocation	Real Return Arithmetic Basis	
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed Investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$3,758,785	\$1,778,969	\$126,220
Tier 2 Public Employees System	\$64,123	(\$350)	(\$49,214)
Total	\$3,822,908	\$1,778,619	\$77,006

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401 (k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Housing Authority of SL County participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- * 401 (k) Plan
- * Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2016	2015	2014
<i>401(k) Plan</i>			
Employer Contributions	\$21,382	\$15,215	\$7,563
Employee Contributions	\$0	\$0	\$0
<i>Roth IRA Plan</i>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$5,655	\$6,125	\$6,340

Changes in Assumptions:

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.25% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 8 - NONCURRENT LIABILITIES

Noncurrent liabilities consists of mortgages payable, deferred loans payable, a revolving loan, pooled loans, mortgage revenue bonds, and other long-term obligations. A summary of noncurrent liabilities and future maturities of debt is as follows:

MORTGAGES PAYABLE

<u>Payable To</u>	<u>Annual Rate</u>	<u>Maturity</u>	<u>Monthly Payment</u>	<u>Balance 6/30/16</u>	<u>Balance 6/30/15</u>	<u>Security</u>
Salt Lake County	0.00%	n/a	\$-0-	\$315,813	\$315,813	Real Estate
OWHLF	0.00%	n/a	\$-0-	\$198,670	\$198,670	Real Estate
HUD	5.75%	Jun-43	\$-0-	\$619,500	\$619,500	Real Estate

DEFERRED LOANS AND REVOLVING LOAN

Deferred loans are payable to various non-profit and local government institutions, are non-interest bearing, and non-maturing, as long as the funds are used to provide housing or improve housing conditions for targeted lower income groups. Deferred loans totaled \$970,927 and \$659,179 at June 30, 2016 and 2015, respectively.

Funds have been loaned to the Authority by various local government institutions for the purpose of establishing a revolving loan program for housing rehabilitation and improvements. The Authority uses the funds in the revolving loan program to make loans to qualified low-income individuals. Repayments by individuals are placed back in the revolving loan fund to be loaned again to other qualified individuals.

The revolving loan program has been discontinued and as the loan payments are received by the Authority they become due to Sandy City. The remaining loan balance totaled \$160,644 and \$168,072 at June 30, 2016 and 2015, respectively.

POOLED LOANS

The pooled loans consist of loans from five different banking institutions. The loan proceeds have been pooled together by the Authority and loaned to qualifying individuals for home acquisition, improvements, and rehabilitation purposes. The loans are secured by real estate.

The pooled loan balance totaled \$139,289 and \$192,474 at June 30, 2016 and 2015 of which \$38,588 represents a deferred loan, and the balance represents an installment loan.

The installment loan to the banks is payable in monthly installments averaging \$11,178 with an average annual rate of 6.24% and maturing approximately October 2019. The deferred loan to the banks is non-maturing and non-interest bearing as long as the funds are used in the pooled loan program.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

MORTGAGE REVENUE BONDS

The Authority issued mortgage revenue bonds for the purchase of the Covewood Apartment Complex in March 2008. The bonds issued were purchased by Zions First National Bank and are being serviced by US Bank National Association Corporate Trust Services. The bonds issued were a series of serial bonds set to mature on December 15 and June 15 from 2008 to 2017 and term bonds set to mature on December 15, 2022. The serial bonds average interest rates of 4.19% per annum while the term bonds interest rate is set at 4.50% per annum. The bonds are secured by real estate.

The mortgage revenue bond balance totaled \$5,065,000 and \$5,208,000 at June 30, 2016 and 2015, respectively. Bond principal is due upon maturity and interest is payable on each interest payment date which is set semiannually on June 15 and December 15. Bond interest payments will be approximately \$150,000 on each interest payment date along with approximately \$50,000 of bond principal for maturing serial bonds through December 2017.

OTHER LONG-TERM OBLIGATIONS – CHANGE FROM PRIOR YEAR

Description	Balance at 6/30/2015	Additional Liability	Reduced Liability	Balance at 6/30/2016
Accrued Compensated Absences	\$ -	\$ 23,269	\$ -	\$ 23,269
Family Self Sufficiency Program	347,724	-	(372)	347,352
Prepaid Land Lease - Bud Bailey	1,943,085	-	(309,699)	1,633,386
Other Long-Term Obligations	1,850	1,106,100	-	1,107,950
Total Other Long-Term Obligations	<u>\$ 2,292,659</u>	<u>\$ 1,129,369</u>	<u>\$ (310,071)</u>	<u>\$ 3,111,957</u>

Description	Balance at 6/30/2014	Additional Liability	Reduced Liability	Balance at 6/30/2015
Accrued Compensated Absences	\$ 45,942	\$ -	\$ (45,942)	\$ -
Family Self Sufficiency Program	286,542	61,182	-	347,724
Prepaid Land Lease - Bud Bailey	1,005,000	938,085	-	1,943,085
Other Long-Term Obligations	1,850	-	-	1,850
Total Other Long-Term Obligations	<u>\$ 1,339,334</u>	<u>\$ 999,267</u>	<u>\$ (45,942)</u>	<u>\$ 2,292,659</u>

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTES AND MORTGAGES PAYABLE – CHANGE FROM PRIOR YEAR

Description	Balance at 6/30/2015	Additional Borrowings	Principal Payments	Loans Forgiven	Balance at 6/30/2016
Mortgages Payable	\$ 1,133,983	\$ -	\$ -	\$ -	\$ 1,133,983
Deferred and Revolving Loans	819,819	311,752	-	-	1,131,571
Pooled Loans	192,474	-	(46,959)	-	145,515
Mortgage Revenue Bonds	5,345,000	-	(137,000)	-	5,208,000
Total Notes and Mortgages Payable	7,491,276	311,752	(183,959)	-	7,619,069
Current Portion	172,038				185,280
Notes and Mortgages Payable, Less Current Portion	<u>\$ 7,319,238</u>				<u>\$7,433,789</u>

Description	Balance at 6/30/2014	Additional Borrowings	Principal Payments	Loans Forgiven	Balance at 6/30/2015
Mortgages Payable	\$ 1,133,983	\$ -	\$ -	\$ -	\$ 1,133,983
Deferred and Revolving Loans	836,957	-	(17,138)	-	819,819
Pooled Loans	243,605	-	(51,131)	-	192,474
Mortgage Revenue Bonds	5,476,000	-	(131,000)	-	5,345,000
Total Notes and Mortgages Payable	7,690,545	-	(199,269)	-	7,491,276
Current Portion	166,661				172,038
Notes and Mortgages Payable, Less Current Portion	<u>\$ 7,523,884</u>				<u>\$7,319,238</u>

FUTURE MATURITIES OF NOTES AND MORTGAGES PAYABLE

The future annual principal and interest payments due on long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 185,280	\$ 248,767
2017	111,560	240,389
2018	35,529	236,786
2019	23,699	10,508
2020	21,508	9,870
Thereafter	7,241,493	871,790
Total future maturities	<u>\$7,619,069</u>	<u>\$1,618,110</u>

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 9 – SCHEDULE OF CHANGES IN CAPITAL ASSETS

	06/30/15	Additions	Retirements	Transfers / Adjustments	06/30/16
Land	\$ 6,281,509	\$ -	\$(115,102)	\$ -	\$ 6,166,407
Buildings	41,309,585	226,805	(513,006)	-	41,023,384
Furniture and Equipment	1,506,546	203,869	(273,131)	-	1,437,284
Leasehold Improvements	5,462,849	43,405	(28,413)	-	5,477,841
Construction in Progress	515,575	370,357	-	-	885,932
Total Capital Assets	55,076,064	844,436	(929,652)	-	54,990,848
Accumulated Depreciation	(36,814,916)	(1,265,306)	622,972	-	(37,457,250)
Net Capital Assets	<u>\$18,261,148</u>				<u>\$ 17,533,598</u>

Depreciation of Property and Equipment for the years ended June 30, 2016 and 2015 was \$1,265,306 and \$1,389,334 respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Authority provides management services to several different Tax Credit Partnerships the Authority has a 1% or less interest in. These entities include, Frontier Transitional Housing, LLC, Special Needs Housing, LLC, Villa Charmant, LLC, Grace Mary Manor, LLC, Kelly Benson Apartments, LLC, and Bud Bailey Apartments I, LLC. Each of these entities provides housing and/or housing services to low-income individuals and families. The Authority has agreements with each of these entities to pay for expenditures of these entities for which the entities will repay the Authority. Amounts due from these related parties are recorded as other accounts receivable. The Authority also receives a management fee from these entities at a market rate.

During the year ended June 30, 2016 and 2015 the Authority earned management fee revenue of \$216,069 and \$118,958 from these entities. The following table is a summary of the Related Party Receivables at year end.

	<u>2016</u>	<u>2015</u>
Frontier Transitional Housing, LLC	\$ 2,109	\$ 1,378
Special Needs Housing, LLC	3,218	119
Grace Mary Mannor, LLC	(6,934)	154,103
Kelly Benson Apartments, LLC	(5,490)	21,131
Villa Charmant, LLC	6,054	16,249
Bud Bailey Apartments I, LLC	(4,020)	212,621
All Other	5,151	(7,423)
	<u>\$ 88</u>	<u>\$ 398,178</u>

All of the related parties are audited separately. Copies of the related parties' independent audit reports are available upon request.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2016

NOTE 11 – SHARED PROJECT

The Authority participates with Salt Lake City Housing Authority (the City) in the operation of a high-rise apartment complex for low-income elderly persons. The Authority and the City each own the apartment complex as tenants in common. Since the properties are adjacent, the Authority and the City share equally in the management and maintenance of the complex.

The Authority recognizes one-half of the expenditures incurred with this project. The Authority pays most of the related costs and bills the City for their share of costs.

Housing Authority of the County of Salt Lake
June 30, 2016

Other information that is not required as part RSI

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1-December 31.

Schedule of Required Supplementary Information

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Housing Auth of SL County

Utah Retirement Systems

December 31, 2015

Last 10 Fiscal Years*

	<u>Noncontributory Retirement System</u>
Proportion of the net pension liability (asset)	0.3143896%
Proportionate share of the net pension liability (asset)	\$1,778,969
Covered-employee payroll	\$2,430,015
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.21%
Plan fiduciary net position as a percentage percentage of its covered-employee payroll	87.8%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. This schedule will need to be built prospectively. The schedule above is only for the current year. Prior numbers are available from your prior year note disclosure.

Schedule of Required Supplementary Information

Schedule of Contributions

HOUSING AUTH OF SL COUNTY

Utah Retirement Systems

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<i>Noncontributory System</i>	2014	\$ 430,620	\$ 430,620	\$ -	\$ 2,490,570	17.29%
	2015	\$ 465,491	\$ 465,491	\$ -	\$ 2,520,255	18.47%
	2016	\$ 435,106	\$ 435,106	\$ -	\$ 2,355,738	18.47%
<i>Tier 2 Public Employees System*</i>	2014	\$ 66,542	\$ 66,542	\$ -	\$ 475,638	13.99%
	2015	\$ 127,700	\$ 127,700	\$ -	\$ 854,747	14.94%
	2016	\$ 179,102	\$ 179,102	\$ -	\$ 1,201,225	14.91%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

Supplemental Information

HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE

Statement of Net Position by Program

As of June 30, 2016

FDS Line Item	AMP 1 High Rise 14.850 & 14.872	AMP 2 Valley Fair Village 14.850 & 14.872	AMP 3 East 14.850 & 14.872	AMP 4 West 14.850 & 14.872	AMP 5 Scattered 14.850 & 14.872	ROSS Grant 14.870	ROSS FSS 14.896	Shelter Plus Care 14.238	Section 8 Rental Vouchers 14.871	Home Investment Partnership Program 14.239	HOPWA 14.241	Criminal Justice 16.579	Housing Retention Program 93.667	Continuum of Care 14.267	Temporary Assistance for Needy Families 93.558	CDBG 14.218	State Funds	Business Activities	Central Office & Maintenance	Component Units	Eliminations	Combined Balance	
#	Account Description																						
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES																							
Current Assets																							
Cash:																							
111	Cash and Cash Equivalents-Unrestricted	\$ 273,268	\$ 161,978	\$ 72,732	\$ 315,292	\$ 228,070	\$ -	\$ -	\$ -	\$ 134,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,555	\$ -	\$ 7,886	\$ -	\$ 1,383,920	
113	Cash - Other Restricted	-	-	8,800	13,832	28,110	-	-	-	295,410	-	-	-	-	-	-	-	475,939	-	158,648	-	980,739	
114	Cash - Tenant Security Deposits	21,623	15,651	28,748	40,938	37,670	-	-	-	-	-	-	-	-	-	-	-	35,763	-	1,676	-	182,069	
115	Cash - Restricted for Payments of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,512	-	-	-	2,512	
100	Total Cash	294,891	177,629	110,280	370,062	293,850	-	-	-	429,549	-	-	-	-	-	-	-	704,769	-	168,210	-	2,549,240	
Receivables:																							
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
122	Accounts Receivable - HUD Other Projects	155,682	3,509	125,213	22,384	12,560	9,649	17,832	42,146	-	-	-	-	328,262	-	-	-	-	-	-	-	717,237	
124	Accounts Receivable - Other Government	23,560	-	-	-	-	-	-	8,686	36,553	90,048	14,240	-	-	168,789	-	730,605	2,542	-	84,067	-	1,159,090	
125	Accounts Receivable - Other	439	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,398	381,423	111	-	405,371	
126	Accounts Receivable - Tenants	442	6	7,824	8,632	2,885	-	-	-	-	-	-	-	-	-	-	10,168	2,876	-	154	-	32,987	
126.1	Allowance for Doubtful Accounts-Tenants	(68)	(1)	(2,385)	(3,442)	(942)	-	-	-	-	-	-	-	-	-	-	(5,871)	(1,112)	-	(74)	-	(13,895)	
127	Notes, Loans & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,164	-	-	-	18,164	
128	Fraud Recovery	-	-	-	-	-	-	-	29,885	-	1,550	-	-	1,665	759	-	-	25,808	-	-	-	33,859	
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,808	
120	Total Receivables, net of allowances for doubtful accounts	180,055	3,514	130,652	27,574	14,503	9,649	17,832	42,146	38,571	91,598	14,240	-	329,927	169,548	-	734,902	71,676	381,423	84,258	-	2,378,621	
Current Investments:																							
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,327	3,039,542	-	-	3,108,869	
132	Investments - Restricted	-	-	-	-	-	-	-	341,922	-	-	-	-	-	-	-	-	-	1,107,300	157,939	-	1,607,161	
142	Prepaid Expenses	409	-	-	-	-	7,721	-	-	-	-	-	-	-	-	-	7,778	874	53,709	-	-	70,491	
143	Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,593	-	-	74,593	
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,984)	-	-	(2,984)	
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202,298	474,706	3,764,561	6,046,853	27,813	(10,516,231)	-	
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Total Current Assets	475,355	181,143	240,932	397,636	308,353	17,370	17,832	42,146	810,042	91,598	14,240	-	329,927	169,548	202,298	1,217,386	4,611,207	10,700,436	438,220	(10,516,231)	9,785,991	
Noncurrent Assets																							
Capital Assets:																							
161	Land	3,253	360,516	671,974	319,037	1,231,587	-	-	-	-	-	-	-	-	-	-	-	3,231,254	223,786	125,000	-	6,166,407	
162	Buildings	7,505,781	3,074,254	6,204,542	7,450,706	6,579,827	-	-	-	-	-	-	-	-	-	-	-	7,921,211	1,171,524	1,115,539	-	41,023,384	
163	Furniture and Fixtures Dwelling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,782	-	16,782	
164	Furniture and Fixtures Admin	141,972	102,179	127,655	149,049	118,337	-	-	196,776	-	-	-	-	-	-	-	-	11,849	572,685	-	-	1,420,502	
165	Leasehold Improvements	261,260	448,010	1,748,022	1,995,305	666,574	-	-	-	-	-	-	-	-	-	-	-	203,243	148,480	6,947	-	5,477,841	
166	Accumulated Depreciation	(6,467,319)	(3,561,755)	(7,485,965)	(8,248,367)	(6,340,946)	-	-	(193,884)	-	-	-	-	-	-	-	-	(2,999,422)	(1,609,293)	(550,299)	-	(37,457,250)	
167	Construction in Progress	143,797	-	-	740,409	1,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	885,932	
160	Total Capital Assets, Net of Accumulated Depreciation	1,588,744	423,204	1,266,228	2,406,139	2,257,105	-	-	-	2,892	-	-	-	-	-	-	-	8,368,135	507,182	713,969	-	17,533,598	
Other Noncurrent Assets:																							
171	Notes, Loans and Mortgages Receivable-Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	238,921	58,315	123,486	794,874	470,000	-	1,685,596	
174	Other Assets	15	8	9	10	11	-	-	26	-	-	-	-	-	-	-	-	22	248	-	-	349	
180	Total Noncurrent Assets	1,588,759	423,212	1,266,237	2,406,149	2,257,116	-	-	-	2,918	-	-	-	-	-	-	238,921	58,315	8,491,643	1,302,304	1,183,969	-	19,219,543
200	Deferred Outflow of Resources	42,831	25,699	23,505	24,764	27,366	-	-	-	116,347	-	-	-	-	-	-	-	52,670	617,642	-	-	930,824	
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$2,106,945	\$ 630,054	\$1,530,674	\$2,828,549	\$2,592,835	\$ 17,370	\$ 17,832	\$ 42,146	\$ 929,307	\$ 36,553	\$ 91,598	\$ 14,240	\$ -	\$ 329,927	\$ 169,548	\$ 441,219	\$1,275,701	\$13,155,520	\$ 12,620,382	\$1,622,189	\$(10,516,231)	\$29,936,358
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION																							
LIABILITIES																							
Current Liabilities:																							
312	Accounts Payable	\$ 12,966	\$ 3,613	\$ 2,065	\$ 43,745	\$ 10,093	\$ 194	\$ -	\$ 45	\$ 424	\$ -	\$ -	\$ -	\$ 128	\$ 112	\$ -	\$ 168,635	\$ 38,679	\$ 147,348	\$ 4,126	\$ -	\$ 432,173	
321	Accrued Wages	1,369	1,185	1,253	1,836	462	-	-	-	3,175	-	-	-	108	-	-	-	362	12,992	752	-	23,494	
322	Accrued Compensated Absences - Current Portion	13,389	11,674	2,630	16,735	7,811	-	-	-	34,696	-	-	-	2,966	-	-	-	4,010	133,851	7,539	-	235,301	
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	796	-	-	-	-	-	-	-	-	-	-	-	-	-	-	796	
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	1,005	-	-	-	-	-	-	107,746	-	-	39,664	4,509	-	152,924	
341	Tenant Security Deposits	21,623	15,651	28,748	40,938	37,670	-	-	-	-	-	-	-	-	-	-	-	35,763	-	1,676	-	182,069	
342	Unearned Revenue	158,128	3,014	5,909	9,812	8,911	-	-	-	9,262	-	-	-	-	-	-	854	17,884	-	3,986	-	217,760	
343	Current Portion - Long-Term Debt - Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171,610	13,670	-	-	185,280	
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,266	30,261	98,906	-	130,433	
347	Inter Program Due To	-	-	-	-	-	16,380	17,832	45,171	36,553	100,864	31,023	58,581	382,181	172,842	371,807	717,962	1,490,165	6,977,727	97,143	(10,516,231)	-	
310	Total Current Liabilities	207,475	35,137	40,605	113,066	64,947	17,370	17,832	45,216	48,562	36,553	100,864	31,023	58,581	385,383	172,954	479,553	887,451	1,759,739	7,355,513	218,637	(10,516,231)	1,560,230
Noncurrent Liabilities:																							
351	Long-term Debt, Net of Current - Capital Projects/Mo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	145,515	-	5,724,859	429,432	1,133,983	-	7,433,789	
353	Other Long-Term Liabilities	1,200	-	8,800	13,832	28,110	-	-	-	295,410	-	-	-	-	-	-	-	1,633,386	1,107,950	-	-	3,088,688	
354	Accrued Compensated Absences - Noncurrent	1,324	1,155	260	1,655	773	-	-	-	3,431	-	-	-	293	-	-	-	396	13,237	745	-	23,269	
357	Accrued Pension and OPEB Liabilities	81,619	48,882	44,865	43,971	48,389	-	-	-	219,256	-	-	-	-	-	-	-	100,892	1,191,094	-	-	1,778,968	
350	Total Noncurrent Liabilities	84,143	50,037	53,925	59,458	77,722	-	-	-	518,097	-	-	-	293	-	145,515	-	7,459,533	2,741,713	1,134,728	-	12,324,714	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES																							
300		291,618	85,174	94,530	172,524	142,219	17,370	17,832	45,216	566,659	36,553	100,864	31,023	58,581	385,676	172,954	625,068	887,451	9,219,272	10,097,226	1,353,365	(10,516,231)	13,884,944
400	Deferred Inflow of Resources	8,839	5,290	4,862	4,618	5,072	-	-	-	23,636	-	-	-	-	-	-	-	10,950	129,632	-	-	192,899	
NET POSITION:																							
508	Net Invested in Capital Assets	1,588,744	423,204	1,266,228	2,406,139	2,257,105	-	-	-	2,892	-	-	-	-	-	-	-	977,569	64,080	(420,014)	-	8,565,947	
511	Restricted Net Position	-	-	-	-	-	-	-	-	341,922	-	-	-	-	-	-	-	478,451	1,107,300	316,587	-	2,244,260	
512	Unrestricted Net Position	217,744	116,386	165,054	245,268	188,439	-	-	(3,070)	(5,802)	(9,266)	(16,783)	(58,581)	(55,749)	(3,406)	(183,849)	388,250	2,469,278	1,222,144	372,251	-	5,048,308	
513	TOTAL NET POSITION	1,806,488	539,590	1,431,282	2,651,407	2,445,544	-	-	(3,070)	339,012	(9,266)	(16,783)	(58,581)	(55,749)	(3,406)	(183,849)	388,250	3,925,					

HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE
Statement of Revenues, Expenses, and Changes in Net Position by Program
As of June 30, 2016

FDS Line Item	Account Description	AMP 1		AMP 2		AMP 3		AMP 4		AMP 5		Ross	Ross	Shelter Plus	Section 8	Criminal	Housing	Investment	Continuum		Temporary		Central				Component		Combined	
		High Rise		Valley Fair		East		West		Scattered		FSS	Grant	Care	Rental	Justice	Retention	Partnership	HOPWA	Care	Families	CDBG	State	Business	Maintenance	Non Capital	Units	Eliminations		
#		14.872	14.850	14.872	14.850	14.872	14.850	14.872	14.850	14.872	14.850	14.896	14.870	14.238	14.871	16.579	93.667	14.239	14.241	14.267	93.558	14.218	Funds	Activities	Capital	Non Capital				
	REVENUE																													
	Tenant Revenue:																													
70300	Net Tenant Rental Revenue	\$ -	\$ 493,403	\$ -	\$ 246,256	\$ -	\$ 268,511	\$ -	\$ 305,059	\$ -	\$ 401,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,046	\$1,120,317	\$ -	\$ -	\$ 24,399	\$ -	\$ 2,947,066	
70400	Tenant Revenue - Other	-	10,264	-	4,956	-	12,440	-	15,038	-	12,440	-	-	-	-	-	-	-	-	-	-	-	413	55,119	-	-	675	-	111,345	
70500	Total Tenant Revenue	-	503,667	-	251,212	-	280,951	-	320,097	-	413,515	-	-	-	-	-	-	-	-	-	-	-	88,459	1,175,436	-	-	25,074	-	3,058,411	
70600	HUD PHA Operating Grants	20,584	226,009	24,302	161,165	21,471	342,005	82,791	542,141	24,700	353,105	201,878	80,199	276,955	19,103,418	-	-	-	-	1,533,441	-	-	-	-	-	-	-	-	23,042,563	
70610	HUD Capital Grants	183,391	-	-	-	153,026	-	288,132	-	19,934	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	644,483	
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	985,774	-	-	(769,705)	216,069	
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(75,120)	-	
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(269,850)	1,200	
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(413,114)	141,490	
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,886,548	-	-	(1,527,789)	358,759	
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,376	65,000	139,875	278,646	-	613,468	-	1,712,175	4,837	-	-	290,645	-	3,190,022	
71100	Investment Income - Unrestricted	-	1,396	-	579	-	694	-	1,105	-	876	-	-	-	2,173	-	-	-	-	-	-	277	-	6,597	16,199	-	15	-	29,911	
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,155	-	-	-	-	7,155	
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	74,364	-	-	-	-	-	-	-	-	-	-	-	-	-	74,364	
71500	Other Revenue	-	40,883	-	22,925	-	-	-	59,299	-	-	-	-	-	229,954	-	-	-	-	-	-	10	-	1,008,650	36,821	-	207,799	-	1,606,341	
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	4,766	-	-	-	1,500	-	-	-	2,531	-	-	-	-	-	-	-	-	(204,743)	800	-	-	-	(195,146)	
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,809	-	-	4	-	3,813	
70000	TOTAL REVENUE	203,975	771,955	24,302	435,881	174,497	628,416	370,923	922,642	44,634	768,996	201,878	80,199	276,955	19,412,440	85,376	65,000	139,875	278,646	1,533,441	613,468	287	1,800,634	2,001,741	1,940,368	-	571,936	(1,527,789)	31,820,676	
	EXPENSES																													
	Administrative:																													
91100	Administrative Salaries	-	76,240	-	72,076	-	71,688	-	73,473	-	79,259	-	838	14,868	459,346	3,912	-	-	-	12,957	67,242	13,360	1,068	91,912	185,670	879,985	-	9,082	-	2,112,976
91200	Auditing Fees	-	2,104	-	1,412	-	1,524	-	1,948	-	1,850	-	-	-	6,729	-	-	-	-	-	-	-	-	1,933	-	-	-	6,550	-	24,050
91300	Management Fees	14,000	102,702	14,000	68,872	14,000	72,624	14,000	93,638	14,000	88,789	-	-	-	343,080	-	-	-	-	-	-	-	-	50,762	-	-	5,856	(769,705)	126,618	
91310	Bookkeeping Fees	-	13,343	-	8,948	-	9,435	-	12,165	-	11,535	-	-	-	214,425	-	-	-	-	-	-	-	-	-	-	-	-	1,200	(269,850)	1,201
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
91500	Employee Benefit Contributions - Admini	-	25,732	-	22,571	-	32,453	-	23,620	-	33,515	-	295	4,187	185,658	1,642	-	-	4,467	25,737	6,425	378	42,043	51,014	253,375	-	4,672	-	717,784	
91600	Office Expenses	453	46,264	305	32,448	329	33,945	420	38,839	399	34,740	-	9,105	345	144,416	37	-	-	345	1,372	6,689	-	316,681	252,477	159,597	-	59,742	-	1,138,948	
91700	Legal Expenses	-	695	-	216	-	2,422	-	6	-	918	-	-	-	2,550	-	-	-	-	-	-	-	-	17,416	-	-	-	-	24,223	
91800	Travel	702	3,203	472	2,149	510	2,321	651	2,966	618	2,816	-	-	-	6,184	-	-	-	-	-	2,151	-	3,986	1,846	22,872	-	-	-	53,447	
91900	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
91000	Total Administrative Expenses	15,155	270,283	14,777	208,692	14,839	226,412	15,071	246,655	15,017	253,422	-	10,238	19,400	1,362,388	5,591	-	-	17,769	94,351	28,625	1,446	454,622	561,118	1,315,829	-	87,102	(1,039,555)	4,199,247	
92000	Asset Management Fee	-	17,880	-	12,000	-	12,960	-	16,560	-	15,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(75,120)	-	
	Tenant Services:																													
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-	-	137,864	50,529	-	-	-	-	-	-	-	151,883	-	178,224	-	-	-	226,145	-	744,645	
92300	Tenant Services - Other	-	1,225	-	522	-	507	-	584	-	897	-	68	-	-	-	72,000	-	-	1,125	-	79,949	2,359	-	-	-	49,689	-	208,925	
92400	Employee Benefit Contributions - Tenant	-	-	-	-	-	-	-	-	-	-	60,905	18,160	-	-	-	-	-	-	-	86,960	-	90,957	-	-	-	40,293	-	297,275	
92500	Total Tenant Services	-	1,225	-	522	-	5075																							



Certified Public Accountants and Business Advisors

low income housing, pension plans, business services,
auditing, tax preparation and financial planning

INDEPENDENT AUDITORS' 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*

Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

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 County of Salt Lake (the Authority), which comprise the Combined Statements Net Position as of June 30, 2016 and 2015, and the related Combined Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2016.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

B2a, CPAs
Bountiful, Utah
October 26, 2016



Certified Public Accountants and Business Advisors

low income housing, pension plans, business services,
auditing, tax preparation and financial planning

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Salt Lake's (the Authority) compliance with the types of compliance requirements described in the *Uniform Guidance* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2016. the Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Compliance Supplement.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

B2a, CPA

B2a, CPAs
Bountiful, Utah
October 26, 2016

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

<u>Federal Agency / Program Grant Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development (HUD)		
Supportive Housing for Persons with Disabilities - (Blended Component Unit)	14.181	\$ 470,581
Supportive Housing Program	14.235	
Shelter Plus Care Program	14.238	276,955
Home Investment Partnership	14.239	139,875
Housing Opportunities for Persons With Aids (HOPWA) (Passed through the Department of Workforce Services)	14.241	278,646
Continuum of Care	14.267	1,533,441
Low Rent Public Housing	14.850	1,624,425
Public Housing Capital Fund	14.872	173,848
Housing Choice Vouchers	14.871	19,103,418
ROSS	14.870	80,199
PIH Family Self-Sufficiency Program	14.896	201,878
Department of Health and Human Services		
Homeless Prevention Program (Passed through Salt Lake County)	93.667	65,000
Temporary Assistance for Needy Families (Passed through the Department of Workforce Services)	93.558	613,468
Department of Justice		
Byrne Formula Grant Program	16.579	85,376
Total Expenditures of Federal Awards		<u>\$ 24,647,110</u>

NOTE 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of the County of Salt Lake and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Compliance Supplement, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not present the financial position, changes in net assets or cash flows of the Authority. The Authority reporting entity is defined in Note 1 to the Authority's financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. Significant Accounting Policies

The Schedule of Expenditures of Federal Awards is a summary of activities related to the Authority's expenditures of federal awards. The schedule has been presented on the same basis of accounting as the financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of federal funds are made, revenue is recognized.

NOTE 3. Public Housing Capital Fund Detail by Grant Year

Grant Number	Total Grant	Prior Year Expenditures	Current Year Expenditures	Remaining Grant
UT06P00350112	\$ 730,154	\$ 685,983	\$ 44,171	\$ -
UT06P00350113	647,334	559,854	87,480	-
UT06P00350114	711,802	36,795	619,885	55,122
UT06P00350115	727,058	9,562	135,603	581,893
UT06P00350116	751,577	-	4,114	747,463
Total	<u>\$ 3,567,925</u>	<u>\$ 1,292,194</u>	<u>\$ 891,253</u>	<u>\$ 1,384,478</u>

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2016**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Non compliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.267	Continuum of Care
14.850	Low Rent Public Housing

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Findings and Questioned Costs
June 30, 2016**

Internal Control Over Financial Reporting

There were no findings to report for the year ended June 30, 2016.

Compliance

There were no findings to report for the year ended June 30, 2016.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Findings and Questioned Costs-Prior Year
June 30, 2015**

Internal Control Over Financial Reporting

There were no findings to report for the year ended June 30, 2015.

Compliance

There were no findings to report for the year ended June 30, 2015.



Certified Public Accountants and Business Advisors

low income housing, pension plans, business services,
auditing, tax preparation and financial planning

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE*

Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

REPORT ON COMPLIANCE

We have audited the Housing Authority of the County of Salt Lake's (the Authority) compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2016.

The general compliance requirements applicable to the Authority are identified as follows:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management – Last tested 2016
- Special and Local Service District Board Members – Last tested 2016

The Authority did not receive any major State grants during the year ended June 30, 2016.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Authority's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the Authority's compliance based upon our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Authority and its major programs occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

Opinion

In our opinion, the Authority complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2016.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In Planning and performing our audit, we considered the Authority's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. A material weakness in internal control over compliances is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Authority'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.

B2a, CPA

B2a, CPAs
Bountiful, Utah
October 26, 2016