

Financial Statements of the
**HOUSING AUTHORITY OF THE COUNTY
OF SALT LAKE**
Salt Lake City, Utah
For the years ended June 30, 2018 and 2017
Including Independent Auditors' Reports,
Management's Discussion and Analysis, and
Supplemental Information

Housing Authority of the County of Salt Lake

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Certified Public Accountants and Business Advisors

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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, 2018 and 2017, 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, 2018 and 2017, 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 18, 2018, 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 CPAs

B2a, CPAs
Bountiful, Utah
October 18, 2018



**Housing Authority of the County of Salt Lake
Management's Discussion and Analysis
For the Year Ending June 30, 2018**

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 decreased by \$700,000 from \$16.0 to \$15.3 million during 2018. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Its unrestricted net assets remained constant during the year at \$5.7 million.
- Revenue decreased by \$200,000 from \$34.1 million in 2017 to \$33.9 million in 2018, a decrease of 1%.
- The total expenses of all Authority programs increased from \$33.9 million in 2017 to \$34.6 million in 2018, an increase of \$700,000 or 2%. \$400,000 of the increase was due directly to housing assistance payments to landlords for low income housing.



**Housing Authority of the County of Salt Lake
Management's Discussion and Analysis
For the Year Ending June 30, 2018**

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. 1-12

Basic Financial Statements

~ Authority-wide Financial Statements – pgs. 13-15
~ Notes to Financial Statements – pgs. 16-23

Other Required Supplementary Information

~ Required Supplementary Information pgs. 24-32
(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. 13-15) 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.



**Housing Authority of the County of Salt Lake
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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 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.



**Housing Authority of the County of Salt Lake
Management's Discussion and Analysis
For the Year Ending June 30, 2018**

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.

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.

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:



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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.

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 TANF funding providing housing to low income families that have been refugees.



**Housing Authority of the County of Salt Lake
Management’s Discussion and Analysis
For the Year Ending June 30, 2018**

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

	2018 (millions)	2017 (millions)
Unrestricted Current Assets	\$ 6.8	\$ 6.7
Restricted Current Assets	2.0	3.4
Capital Assets	16.6	17.2
Other Non-current Assets	2.8	2.7
Total Assets	28.2	30.0
Current Liabilities	1.8	1.5
Long-Term Liabilities	11.1	12.5
Total Liabilities	12.9	14.0
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8.2	8.5
Restricted	1.4	1.8
Unrestricted	5.7	5.7
Total Net Assets	\$15.3	\$16.0

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

Major Factors Affecting the Statement of Net Assets

Unrestricted Current Assets increased by \$100,000 during 2018. Restricted Current Assets decreased by \$1,400,000 in 2018 due to decrease of \$400,000 in cash held for housing assistance payment reserves for the Housing Choice Voucher Program, and a payout to Salt Lake County of \$1,100,000 that was restricted for purchase of land for shelter sites. This payment also decreased long term liabilities by the same amount. Capital Assets decreased from \$17.2 million to \$16.6 million in 2018. Total Net Assets decreased by \$700,000 in 2018. Net assets invested in capital assets, net of related debt decreased from \$8.5 million to \$8.2 million in 2018. For more detail see “Capital Assets and Debt Administration” on page 10. Restricted Net Assets decreased by \$400,000. Unrestricted Net Assets remained constant at \$5.7 million in 2018.



**Housing Authority of the County of Salt Lake
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TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

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

	2018 (millions)	2017 (millions)
Beginning Balance - Unrestricted Net Assets	\$ 5.7	\$5.0
Results of Operations affecting Unrestricted Net Assets	(0.7)	(0.3)
Adjustments:		
Depreciation (1)	1.3	1.3
Adjusted Results from Operations	<u>0.6</u>	<u>1.0</u>
Net Capital Expenditures (2)	<u>(0.6)</u>	<u>(0.3)</u>
Ending Balance - Unrestricted Net Assets	<u>\$ 5.7</u>	<u>\$5.7</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.



**Housing Authority of the County of Salt Lake
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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.

	2018 (millions)	2017 (millions)
Revenues		
Tenant Revenue Rents	\$ 3.2	\$ 3.1
Operating Subsidies and Grants	29.6	29.2
Other Revenues	1.1	1.8
Total Revenue	<u>33.9</u>	<u>34.1</u>
Expenses		
Administrative	4.9	4.7
Tenant Services	1.2	1.2
Utilities	0.6	0.5
Maintenance	2.0	2.0
General	0.3	0.3
Casualty Losses	0.1	0.1
Housing Assistance Payments	24.0	23.6
Depreciation	1.3	1.3
Interest Expense	0.2	0.2
Total Expenses	<u>34.6</u>	<u>33.9</u>
Net Increase/(Loss)	<u>\$ (0.7)</u>	<u>\$ 0.2</u>

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

Operating Subsidies and Grants increased in 2018 by \$400,000 due to funding increases of \$700,000 in Continuum of Care and \$100,000 in Housing Assistance Rental Program, offset by funding decreases of \$200,000 in the Housing Choice Vouchers program and \$100,000 in the Public Housing and the Refugee Assistance Subsidized Housing programs. Other Revenues decreased by \$700,000 due to lower Section 8 unabsorbed portable vouchers and no gain on sale of fixed assets in 2018. Tenant Revenue Rents increased by \$100,000 in 2018.

Total housing assistance payments increased by \$400,000 in 2018, with all the increase happening in Continuum of Care programs. Administrative expenses increased in 2018 by \$200,000 due to higher professional services and donations.



**Housing Authority of the County of Salt Lake
Management's Discussion and Analysis
For the Year Ending June 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the end of 2018, the Authority had \$16.6 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$600,000 (additions, deductions and depreciation) from the end of 2017.

TABLE 4

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

	2018	2017
Land and land rights	\$ 6.1	\$ 6.1
Site Improvements	5.7	5.5
Buildings	41.9	41.2
Equipment – Administrative	1.4	1.4
Accumulated Depreciation	(39.6)	(38.3)
Construction In Progress	1.1	1.3
Total	<u>\$16.6</u>	<u>\$17.2</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 23 of the notes.

TABLE 5

CHANGE IN CAPITAL ASSETS (IN MILLIONS)

	2018	2017
Beginning Balance	<u>\$ 17.2</u>	<u>\$ 17.5</u>
Additions, Net of Retirements	0.7	1.0
Depreciation	<u>(1.3)</u>	<u>(1.3)</u>
Ending Balance	<u>\$16.6</u>	<u>\$17.2</u>

Major items effecting capital assets in 2018 were modernization of Public Housing and Owned Unit properties valued at \$700,000. There was also a small amount of equipment



**Housing Authority of the County of Salt Lake
Management’s Discussion and Analysis
For the Year Ending June 30, 2018**

purchases.

Debt Outstanding

As of year-end, the Authority had \$7.2 million in debt (bonds, notes, etc.) outstanding compared to \$7.4 million in 2017. The Authority has not added any new debt over the last year and has paid its regularly amortized mortgage payments.

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

	2018	2017
<u>Program Type</u>		
Enterprise - Long Term	\$7.0	\$7.2
Enterprise – Current	0.2	0.2
Total	<u>\$ 7.4</u>	<u>\$ 7.4</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:

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Housing Authority of the
County of Salt Lake

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Housing Authority of the County of Salt Lake
Statements of Net Position
For the Years Ending June 30, 2018 and 2017

	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	\$ 2,301,151	\$ 1,867,851
Investments	1,500,081	2,780,116
Accounts Receivable - HUD	623,078	369,800
Accounts Receivable Tenants	1,136,895	699,690
Allowance for Doubtful Accounts	(15,572)	(16,001)
Accounts Receivable - Other	1,011,828	763,520
Current Portion of Notes Receivable	16,340	19,232
Inventory	78,459	83,830
Other Current Assets	104,257	133,810
Total Current Assets	6,756,517	6,701,848
Restricted Assets		
Cash	1,726,996	2,074,632
Investments	249,170	1,354,823
Total Restricted Assets	1,976,166	3,429,455
Capital Assets		
Land	6,109,974	6,109,974
Building and Improvements	47,572,382	46,698,972
Furniture and Equipment	1,403,581	1,407,884
Construction in Progress	1,115,266	1,285,028
Total Capital Assets	56,201,203	55,501,858
Accumulated Depreciation	(39,614,097)	(38,321,321)
Net Capital Assets	16,587,106	17,180,537
Other Assets		
Net Pension Asset	-	2
Notes and Mortgages Receivable - Net of Current Portion	1,654,609	1,651,893
Total Other Assets	1,654,609	1,651,895
Deferred Outflow of Assets	1,180,306	1,075,983
Total Assets and Deferred Outflows of Resources	\$ 28,154,704	\$ 30,039,718
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts Payable	\$ 744,161	\$ 635,092
Tenant Security Deposits	194,169	189,224
Accrued Liabilities	319,179	248,186
Other Current Liabilities	66,829	51,158
Unearned Revenue	238,684	211,181
Current Portion of Notes Payable	194,014	191,752
Total Current Liabilities	1,757,036	1,526,593
Long Term Liabilities		
Notes Payable - Net of Current Portion	7,049,860	7,243,556
Accrued Pension and OPEB Liabilities	1,357,126	1,933,935
Other Long-Term Obligations	1,712,199	3,006,750
Total Long-Term Liabilities	10,119,185	12,184,241
Deferred Inflows of Resources	947,691	313,793
Total Liabilities and Deferred Inflows of Resources	12,823,912	14,024,627
Net Position		
Net Invested in Capital Assets	8,217,229	8,508,599
Restricted Net Position	1,460,097	1,811,770
Unrestricted Net Position	5,653,466	5,694,722
Total Net Position	15,330,792	16,015,091
Total Liabilities, Deferred Inflows or Resources and Net Position	\$ 28,154,704	\$ 30,039,718

Housing Authority of the County of Salt Lake
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenues		
Federal Subsidies	\$ 28,934,458	\$ 28,478,142
Rents	3,051,369	2,970,352
Other	1,160,620	1,589,988
Total Operating Revenue	33,146,447	33,038,482
Operating Expenses		
Administrative	4,787,094	4,625,371
Tenant Services	1,244,438	1,302,835
Utilities	579,907	550,187
Ordinary Maintenance and Operations	1,998,001	2,006,935
Insurance	225,889	204,665
General	121,124	116,924
Housing Assistance Payments	23,976,771	23,546,407
Depreciation	1,332,591	1,261,113
Fraud Losses	34,145	13,407
Total Operating Expenses	34,299,960	33,627,844
Income (Loss) from Operations	(1,153,513)	(589,362)
Non-Operating Income (Expenses)		
Interest Income	84,170	76,362
Interest Expense	(152,952)	(244,792)
Gain (Loss) on Sale of Capital Assets	800	291,198
Casualty Loss	(87,867)	(106,704)
Total Non-Operating Income (Expenses)	(155,849)	16,064
Capital Grants	625,063	729,874
Change in Net Position	(684,299)	156,576
Net Position at Beginning of Year	16,015,091	15,858,515
Prior Period Adjustment	-	-
Adjusted Net Position at Beginning of Year	\$ 15,330,792	\$ 16,015,091

Housing Authority of the County of Salt Lake
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Federal Subsidies Received	\$ 28,681,180	\$ 28,825,579
Rents Received	3,049,672	2,957,521
Other Receipts	1,160,620	1,589,988
Interest Income Received	84,170	76,362
Cash Paid for Administrative Services	(4,763,333)	(4,504,931)
Cash Paid for Tenant Services	(1,244,438)	(1,302,835)
Cash Paid for Utilities	(579,907)	(550,187)
Cash Paid for Ordinary Maintenance and Operations	(1,998,001)	(2,006,935)
Cash Paid for Insurance	(225,889)	(204,665)
Cash Paid for General Expenses	(647,402)	(26,529)
Cash Paid for Housing Assistance	(23,976,771)	(23,546,407)
Cash Paid for Interest	(152,952)	(244,792)
Net Cash Provided (Used) by Operating Activities	(613,051)	1,062,169
Cash Flows from Investing Activities		
Acquisition of Capital Assets	(739,160)	(1,051,479)
Capital Grants	625,063	729,874
Proceeds from Sale of Capital Assets	(87,067)	712,068
Retirement of Long-Term Debt	(1,485,985)	(183,761)
Net Cash Provided (Used) by Investing Activities	(1,687,149)	206,702
Cash Flows from Capital Financing Activities		
Investments Net Change	2,385,688	91,738
Notes Receivable Principal Payments Received	176	32,634
Loans Made	-	-
Net Cash Provided (Used) by Capital Financing Activities	2,385,864	124,372
Net Increase (Decrease) in Cash and Cash Equivalents	85,664	1,393,243
Cash and Cash Equivalents at Beginning of Year	3,942,483	2,549,240
Cash and Cash Equivalents at End of Year	\$ 4,028,147	\$ 3,942,483

Housing Authority of the County of Salt Lake
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Income (Loss) from Operations	\$ (1,153,513)	\$ (589,362)
Adjustments to Reconcile Change in Net Position to Net Cash Provided (Used) by Operating Activities		
Depreciation	1,332,591	1,261,113
Interest Income	84,170	76,362
Interest Expense	(152,952)	(244,792)
Decrease (Increase) in Operating Assets		
Accounts Receivable - HUD	(253,278)	347,437
Accounts Receivable - Other	(685,942)	136,344
Inventory	5,371	(12,221)
Current Assets	29,553	(3,652)
Net Pension Asset	2	347
Deferred Outflows of Resources	(104,323)	(145,159)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	109,069	49,995
Tenant Security Deposits	4,945	7,155
Accrued Liabilities	70,993	(10,609)
Other Current Liabilities	15,671	(80,071)
Unearned Income	27,503	(6,579)
OPEB Obligations	(576,809)	154,967
Deferred Inflows of Resources	633,898	120,894
Net Cash Provided (Used) by Operating Activities	<u>\$ (613,051)</u>	<u>\$ 1,062,169</u>

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2018 and 2017

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 3,674 housing units under 24 different housing programs. The Authority owns 612 units in its public housing program, of which 607 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 2,929 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, 2018 and 2017, totaling \$7,852,010 and, \$10,516,291 respectively, have been eliminated from the statements of net position. Inter-program revenues and expenses for the years ending June 30, 2018 and 2017, of \$1,528,299 and \$1,562,755 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
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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, 2018 and 2017 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.

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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 \$78,459 and \$83,830 at June 30, 2018 **and 2017**, 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, 2018 **and 2017**.

ACCRUED COMPENSATED ABSENCES

The balance of accrued liabilities at June 30, 2018 **and 2017** of \$319,179 and \$248,186 includes current accrued compensated absences totaling \$291,502 and \$217,783, respectively. Other long-term obligations at June 30, 2018 **and 2017** of \$1,712,199 and \$3,006,750, includes non-current accrued compensated absences totaling \$15,342 and \$72,592, respectively.

SUBSEQUENT EVENTS

Subsequent events were evaluated by management through October 18, 2018, 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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate

Housing Authority of the County of Salt Lake
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financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

RECENT ACCOUNTING DEVELOPMENTS

GASB-74 - This Statement establishes accounting and financial reporting requirements for OPEB plans and postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement applies to two types of post-employment benefits, 1 – health care, 2 – death, insurance, disability or long-term care. These benefits must be outside of the regular pension plan for this Statement to apply. The provisions of this Statement apply to state and local governments. Changes are similar to GASB 68 Pension plan reporting changes. Statement replaces GASB 43 and 57 and amends parts of GASB 25 and 50. The Authority does not have any Other Post Retirement Benefits.

GASB 80 Component Units – This Statement requires that entity to consider, identify and include component units in the reporting entity financial statements using the blending method if the component unit is organized as a not-for profit corporation in which the primary government is the sole corporate member as identified in the component unit’s articles of incorporation or bylaws, and the component unit is included in the financial reporting entity pursuant to the provisions of Statement 14. The Authority considers Affordable Housing Associates and Housing Opportunities Inc. as Blended Component Units.

GASB 67 Leases - This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Authority does not have any Leases.

GASB 88 – Debt - This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Authority’s Debt Disclosures are included in a subsequent footnote.

Housing Authority of the County of Salt Lake
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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, 2018 **and 2017** all of the Authorities bank balances fall under the FDIC insurance limits or are specifically collateralized in accordance with a depository agreement signed by the Authority and the Bank in accordance with HUD Guidelines.

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
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NOTE 3 - INVESTMENTS

Investments at June 30, 2018 **and 2017**, totaling \$1,749,251 and \$4,134,939 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, 2018 **and 2017** consist of the following:

	Section 8			Business Activities	Component Units	Total
	Public Housing	Rental Vouchers	COCC			
June 30, 2018						
Cash						
Program Restricted	\$ 55,438	\$509,434	\$ -	\$477,236	\$ 488,027	\$ 1,530,135
Tenant Security Deposits	145,131	-	-	45,650	3,566	194,347
Restricted for Current Liabilities	-	-	-	2,514	-	2,514
Investments						
Restricted	-	-	-	91,231	157,939	249,170
Restricted for Current Liabilities	-	-	-	-	-	-
Total Restricted Assets	<u>\$200,569</u>	<u>\$509,434</u>	<u>\$ -</u>	<u>\$616,631</u>	<u>\$ 649,532</u>	<u>\$ 1,976,166</u>

	Section 8			Business Activities	Component Units	Total
	Public Housing	Rental Vouchers	COCC			
June 30, 2017						
Cash						
Program Restricted	38,822	\$883,531	\$ -	\$476,739	\$ 483,803	\$ 1,882,895
Tenant Security Deposits	143,781	-	-	40,644	4,799	189,224
Restricted for Current Liabilities	-	-	-	2,513	-	2,513
Investments						
Restricted	-	-	1,107,300	89,584	157,939	1,354,823
Restricted for Current Liabilities	-	-	-	-	-	-
Total Restricted Assets	<u>\$182,603</u>	<u>\$883,531</u>	<u>\$1,107,300</u>	<u>\$609,480</u>	<u>\$ 646,541</u>	<u>\$ 3,429,455</u>

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.

Housing Authority of the County of Salt Lake
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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.

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:

Defined Benefit Plans

- 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.

Summary of Benefits by System

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

Housing Authority of the County of Salt Lake
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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.*

Contribution Rate Summary

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 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 as of June 30, 2018 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System:			
111 Local Government Div – Tier 2	N/A	15.11	1.58
Noncontributory System			
15 local Government Div – Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00

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

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For fiscal year ended June 30, 2017, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$396,779	N/A
Tier 2 Public Employees System	259,493	-
Tier 2 DC Only System	1,881	N/A
Total Contributions	\$658,153	\$ -

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, 2017, we reported a net pension asset of \$0 and a net pension liability of \$1,933,936.

	(Measurement Date): December 31, 2016				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	\$0	\$1,342,540	0.3064250%	0.2985615%	(0.0078635)%
Tier 2 Public Employees System	\$0	\$14,588	0.1654628%	0.15606625%	(0.0148003)%
	<u>\$0</u>	<u>\$1,357,128</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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 System during the plan year.

For the year ended June 30, 2018, we recognized pension expense of \$610,893. At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$30,493	\$95,824
Changes in assumptions	\$501,867	\$32,844
Net difference between projected and actual earnings on pension plan investments	\$293,614	\$780,188
Changes in proportion and differences between contributions and proportionate share of contributions	\$42,362	\$38,835
Contributions subsequent to the measurement date	\$311,969	\$0
	<u>\$1,180,305</u>	<u>\$947,691</u>

\$311,969 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, 2017. 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
2018	\$63,128
2019	\$100,962
2020	\$(87,715)
2021	\$(169,050)
2022	\$(3,058)
Thereafter	\$16,379

Actuarial assumptions: The total pension liability in the December 31, 2016 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.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-

Housing Authority of the County of Salt Lake
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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:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Long Term Expected Arithmetic Basis Portfolio	Real Rate of Return
Equity securities	40.00 %	6.15 %	2.46 %
Debt securities	20.00 %	0.40 %	0.08 %
Real assets	15.00 %	5.75 %	0.86 %
Private equity	9.00 %	9.95 %	0.89 %
Absolute return	16.00 %	2.85 %	0.46 %
Cash and cash equivalents	0.00 %	0.00 %	0.00 %
Totals	100.00 %		4.75 %
Inflation			2.50 %
Expected arithmetic nominal return			7.25 %

The 6.95% assumed Investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 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. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$3,630,858	\$1,342,540	\$(560,083)
Tier 2 Public Employees System	171,771	14,588	(106,622)
Total	\$3,802,629	\$1,357,128	\$(666,705)

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

Housing Authority of the County of Salt Lake
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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
- *457(b) 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:

	2018	2017	2016
401(k) Plan			
Employer Contributions	\$43,509	\$26,998	\$21,382
Employee Contributions	\$51,337	\$1,279	\$0
457 Plan			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$1,419	\$0	\$0
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$16,303	\$6,742	\$5,655

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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:

<u>Component Unit Notes Payable</u>	2018	2017
A deferred note payable to Salt Lake County for \$315,813 with an interest rate of 0% per year. The deferred note payable is secured by a Trust Deed, whereby the Organization has pledged as security for repayment of the note all of the Organization's right to title and interest in the Property. The loan does not have to be repaid as long as the property is used as an affordable housing development, the property is not transferred or the ownership does not change, and the ten housing units are used for individuals with disabilities.	\$ 315,813	\$ 315,813
A deferred note payable to the State of Utah Olene Walker Housing Trust Fund (the State) for \$198,670 with an interest rate of 0% per year. The deferred note payable is secured by a Trust Deed, whereby the Organization has pledged as security for repayment of the note all of the Organization's right to title and interest in the Property. Repayment of the note is not required as long as the Organization is in compliance with the requirements found in the "Deed Restriction" document.	198,670	198,670
A deferred mortgage payable to the Department of Housing and Urban Development (HUD) for \$619,500 with an interest rate of 5.75% per year and a maturity date of June 1, 2043. The loan and the interest are not required to be repaid as long as the property is used as an affordable housing development and the ten housing units are used for individuals with disabilities for the duration of the mortgage term.	619,500	619,500
Total	<u>\$ 1,133,983</u>	<u>\$ 1,133,983</u>

Central Office Cost Center Notes Payable	2018	2017
An unsecured loan from the County of Salt Lake used to finance the purchase and installation of Solar Panels at the Bud Bailey Apartments in the amount of \$467,365. Payments of \$1,503.23 are due monthly with all outstanding principal and interest due on July 1, 2022. The note carries an interest rate of 1% per annum increasing to 5% on July 1, 2019.	\$ 428,287	\$ 443,102
Total	<u>\$ 428,287</u>	<u>\$ 443,102</u>

Housing Authority of the County of Salt Lake
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Business Activities Notes Payable	2018	2017
<p>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.</p> <p>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.</p>	\$ 5,065,000	\$ 5,208,000
<p>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.</p> <p>The pooled loan balance totaled \$112,978 and \$131,124 at June 30, 2017 and 2016 of which \$38,588 represents a deferred loan, and the balance represents an installment loan.</p> <p>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.</p>	121,702	139,289
<p>A note payable with the state of Utah Department of Finance for the Helm project. The \$240,000 note carries an interest rate of four (4%) percent and requires monthly payments of principle and interest of \$1,145.80 paid through June 2029.</p>	130,187	138,547
<p>A note payable for the HELM Project from the Crusade for the Homeless Fund. The \$50,000 loan is deferred with a zero (0%) percent interest as long as the property is being used for transitional housing for homeless families and individuals.</p>	50,000	50,000
<p>A Note Payable to Olene Walker Housing Loan Fund in the amount of \$111,000 with an interest rate of zero percent (0%). The term was for 5 years ending June 30, 2017 but was extended through March 31, 2022. No payments are required on the loan until it matures. The note is secured by real property called the Magna House.</p>	85,633	85,633
<p>A N/P from SL county, Deferred and no payments required - Transitional Living Center</p>	137,500	137,500
<p>A Note Payable with the State of Utah in the amount of \$137,500 under the HOME Investment Partnership Program that carries an interest rate of zero (0%) per annum. The note is secured by real property located at 2895 S 500 E in SLC, a 6-plex called the Transitional Living Center. The Note is payable immediately if HACSL sells or transfers the property without the consent of the State of Utah, or ceases to rent the housing units as low rent units.</p>	137,500	137,500
Total	\$ 5,727,522	\$ 5,896,469

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2018 and 2017

OTHER LONG-TERM OBLIGATIONS – CHANGE FROM PRIOR YEAR

Description	2018	2017	Net Change
Accrued Compensated Absences	\$ 15,342	\$ 72,592	\$ (57,250)
Family Self Sufficiency Program	266,462	282,339	(15,877)
Prepaid Land Lease - Bud Bailey	1,374,307	1,503,847	(129,540)
Draper City Shelter Funding	650	1,107,950	(1,107,300)
Other Long-Term Obligations	55,438	40,022	15,416
Total Other Long-Term Obligations	<u>\$ 1,712,199</u>	<u>\$ 3,006,750</u>	<u>\$ (1,294,551)</u>

FUTURE MATURITIES OF NOTES AND MORTGAGES PAYABLE

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

	<u>Interest</u>	<u>Principal</u>
2019	\$ 247,699	\$ 191,752
2020	240,126	168,381
2021	232,560	90,527
2022	230,196	14,792
2023	4,890	15,501
Thereafter	801,386	6,954,355
Total	<u>\$ 1,756,857</u>	<u>\$ 7,435,308</u>

NOTE 9 – SCHEDULE OF CHANGES IN CAPITAL ASSETS

	<u>06/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers / Adjustments</u>	<u>06/30/18</u>
Land	\$ 6,109,974	\$ -	\$ -	\$ -	\$ 6,109,974
Buildings and Improvements	41,188,870	324,445	-	378,200	41,891,515
Furniture and Equipment	1,407,884	16,323	(39,815)	19,189	1,403,581
Leasehold Improvements	5,510,102	142,412	-	28,353	5,680,867
Construction in Progress	1,285,028	255,980	-	(425,742)	1,115,266
Total Capital Assets	<u>55,501,858</u>	<u>739,160</u>	<u>(39,815)</u>	<u>-</u>	<u>56,201,203</u>
Accumulated Depreciation	<u>(38,321,321)</u>	<u>(1,332,591)</u>	<u>39,815</u>	<u>-</u>	<u>(39,614,097)</u>
Net Capital Assets	<u>\$ 17,180,537</u>				<u>\$ 16,587,106</u>

Depreciation of Property and Equipment for the years ended June 30, 2018 **and** 2017 was \$1,332,591 and \$1,261,113, respectively.

Housing Authority of the County of Salt Lake
Notes to Financial Statements
June 30, 2018 and 2017

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, 2018 and 2017 the Authority earned management fee revenue of \$225,406 and \$216,704 from these entities. The following table is a summary of the Related Party Receivables at year end.

	2018	2017
Frontier	\$ 11,340	\$ 2,109
Gregson - Special Needs	1,995	3,218
Grace Mary Manor	172,799	(6,934)
Kelly Benson	13,145	(5,490)
Bud Bailey	337,099	6,054
Villa Charmant	41,144	(4,020)
All Other	4,152	5,151
	\$ 581,674	\$ 88

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

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, 2018

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.

	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Noncontributory Retirement System</u>			
Proportion of the Net Pension Liability (Asset)	0.3143896%	0.2985615%	0.3064250%
Proportionate Share of the Net Pension Liability (Asset)	\$1,778,969	\$1,971,130	\$1,342,540
Covered-Employee Payroll	\$2,430,015	\$2,316,122	\$2,251,962
Proportionate Share of the Net Pension Liability (asset) as a Percentage of its Covered-Employee Payroll	73.21%	82.77%	59.62%
Plan Fiduciary Net Position as a Percentage of its Covered-Employee Payroll	87.80%	87.30%	91.90%
<u>Tier 2 Public Employees Retirement System</u>			
Proportion of the Net Pension Liability (Asset)		0.1506663%	0.1654628%
Proportionate Share of the Net Pension Liability (Asset)		\$ 16,806	\$ 14,588
Covered-Employee Payroll		\$1,235,551	\$1,619,615
Proportionate Share of the Net Pension Liability (asset) as a Percentage of its Covered-Employee Payroll		1.36%	0.90%
Plan Fiduciary Net Position as a Percentage of its Covered-Employee Payroll		95.10%	97.40%

Changes in Assumptions:

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Housing Authority of the County of Salt Lake
June 30, 2018

Schedule of Required Supplementary Information
Schedule of Contributions
HACSL – County of Salt Lake
Utah Retirement System

	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 % of covered employee payroll
Non Contributory System	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%
	2017	411,933	411,933	-	2,230,281	18.47%
	2018	396,779	396,779	-	2,153,586	18.42%
Tier 2 Public Employees System*	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%
	2017	205,447	205,447	-	1,377,917	14.91%
	2018	259,493	259,493	-	1,717,362	15.11%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	1,653	1,653	-	24,706	6.69%
	2018	1,881	1,881	-	28,114	6.69%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

Supplemental Information

HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE
HUD Financial Data Schedule - Statement of Revenues, Expenses, and Changes in Net Position by Program
As of June 30, 2018

FDS Line #	Description	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
Assets and Deferred Outflows of Resources																						
Current Assets																						
111	Cash and Cash Equivalents-Unrestricted	\$ 398,624	\$ 180,083	\$ 233,726	\$ 248,466	\$ 293,938	\$ -	\$ -	\$ -	\$ 70,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 611,863	\$ 251,334	\$ 12,591	\$ -
113	Cash - Other Restricted	3,206	-	4,836	14,465	32,931	-	-	-	509,434	-	-	-	-	-	-	-	-	477,236	-	488,027	-
114	Cash - Tenant Security Deposits	21,898	14,084	31,342	39,199	38,608	-	-	-	-	-	-	-	-	-	-	-	-	45,650	-	3,566	-
115	Cash - Restricted for Payments of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,514	-	-	-
100	Total Cash	423,728	194,167	269,904	302,130	365,477	-	-	-	579,960	-	-	-	-	-	-	-	-	1,137,263	251,334	504,184	-
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	2,627	4,350	4,026	54,022	17,005	6,130	17,638	-	-	-	-	-	-	517,280	-	-	-	-	-	-	-
124	Accounts Receivable - Other Government	26,904	-	-	-	-	-	-	-	14,237	144,129	55,708	20,942	-	-	48,587	-	588,570	3,627	75,000	34,124	-
125	Accounts Receivable - Other	1,654	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,270	973,542	-	-
126	Accounts Receivable - Tenants	7,247	38	2,325	3,962	4,829	-	-	-	-	-	-	-	-	-	-	-	16,832	6,084	-	112	-
126	Allowance for Doubtful Accounts-Tenants	(1,764)	(34)	(1,016)	(1,695)	(1,011)	-	-	-	-	-	-	-	-	-	-	-	(9,318)	(647)	-	(87)	-
127	Notes, Loans & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,340	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-	87,200	-	2,746	-	-	532	-	-	856	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,113	-	-	-
120	Total Accounts Receivable	36,668	4,354	8,335	56,289	20,823	6,130	17,638	-	101,437	144,129	58,454	20,942	-	517,812	48,587	-	596,940	151,787	1,048,542	34,149	-
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500,081	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,231	-	157,939	-
142	Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,810	-	-	-
143	Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,743	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,284)	-	-
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,282	479,347	3,332,347	3,840,034	-	(7,852,010)
150	Total Current Assets	460,396	198,521	278,239	358,419	386,300	6,130	17,638	-	681,397	144,129	58,454	20,942	-	517,812	48,587	200,282	1,076,287	4,716,438	6,718,450	696,272	(7,852,010)
Capital Assets																						
161	Land	3,253	360,516	671,974	289,257	1,175,154	-	-	-	-	-	-	-	-	-	-	-	-	3,231,254	223,786	154,780	-
162	Buildings	8,006,789	3,127,334	6,251,057	7,072,666	6,599,235	-	-	-	-	-	-	-	-	-	-	-	-	7,983,951	1,202,635	1,647,848	-
163	Furniture and Fixtures Dwelling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,580	-
164	Furniture and Fixtures Admin	133,832	86,241	114,914	122,555	102,589	-	-	-	212,240	-	-	-	-	-	-	-	-	13,728	590,120	16,782	-
165	Leasehold Improvements	270,168	462,748	1,788,076	1,953,926	630,037	-	-	-	-	-	-	-	-	-	-	-	-	308,594	148,480	118,838	-
167	Construction in Progress	947	403	436	1,107,524	5,956	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(6,970,662)	(3,573,991)	(7,809,098)	(8,182,602)	(6,438,079)	-	-	-	(190,603)	-	-	-	-	-	-	-	-	(3,656,977)	(1,643,447)	(1,148,638)	-
160	Total Capital Assets Less Accumulated Depreciation	1,444,327	463,251	1,017,359	2,363,326	2,074,892	-	-	-	21,637	-	-	-	-	-	-	-	-	7,880,550	521,574	800,190	-
171	Notes, Loans and Mortgages Receivable-Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	238,921	53,674	88,991	803,023	470,000	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Assets	1,904,723	661,772	1,295,598	2,721,745	2,461,192	6,130	17,638	-	703,034	144,129	58,454	20,942	-	517,812	48,587	439,203	1,129,961	12,685,979	8,043,047	1,966,462	(7,852,010)
200	Deferred Outflows of Resources	53,022	32,467	29,684	31,487	35,240	-	-	-	146,482	-	-	-	-	-	-	-	-	62,893	789,031	-	-
190	Total Assets and Deferred Outflows of Resources	\$ 1,957,745	\$ 694,239	\$ 1,325,282	\$ 2,753,232	\$ 2,496,432	\$ 6,130	\$ 17,638	\$ -	\$ 849,516	\$ 144,129	\$ 58,454	\$ 20,942	\$ -	\$ 517,812	\$ 48,587	\$ 439,203	\$ 1,129,961	\$ 12,748,872	\$ 8,832,078	\$ 1,966,462	\$(7,852,010)
Liabilities, Deferred Inflows of Resources and Net Position																						
Current Liabilities																						
312	Accounts Payable	\$ 25,078	\$ 7,615	\$ 9,911	\$ 24,047	\$ 13,996	\$ -	\$ 8,526	\$ -	\$ 28,477	\$ 75,159	\$ 52	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ 165,068	\$ 48,223	\$ 217,405	\$ 2,605	\$ -
321	Accrued Wages	1,134	1,418	618	2,466	1,049	-	-	-	3,791	-	-	-	-	460	-	-	-	315	15,581	845	-
322	Accrued Compensated Absences - Current Portion	11,740	14,693	6,387	25,564	10,861	-	-	-	39,523	-	-	-	-	3,352	-	-	-	3,303	166,554	9,525	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	5,502	-	-	-	-	-	-	107,746	-	-	1,572	3,146	-
341	Tenant Security Deposits	21,898	14,084	31,342	39,199	38,608	-	-	-	-	-	-	-	-	-	-	-	-	45,650	-	3,388	-
342	Unearned Revenue	107,758	2,384	13,345	12,245	10,627	-	-	-	636	-	-	-	-	-	-	4,422	17,933	37,500	31,834	-	-
343	Current Portion - Long-Term Debt - Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	181,395	12,619	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359	66,470	-	-
347	Inter Program Due To	-	-	-	-	-	6,130	9,112	-	-	68,994	68,765	38,511	-	587,308	51,978	371,807	567,346	1,330,126	4,523,409	228,524	(7,852,010)
310	Total Current Liabilities	167,608	40,194	61,603	103,521	75,141	6,130	17,638	-	77,929	144,153	68,817	38,511	-	591,120	52,011	479,553	736,836	1,627,304	5,041,110	279,867	(7,852,010)
Long-Term Liabilities																						
351	Long-term Debt, Net of Current - Capital Projects/Mortga	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	145,515	-	5,368,513	401,849	1,133,983	-
353	Other Long-Term Liabilities	3,206	-	4,836	14,465	32,931	-	-	-	266,462	-	-	-	-	-	-	-	-	1,374,307	650	-	-
354	Accrued Compensated Absences - Noncurrent	618	773	336	1,346	572	-	-	-	2,081	-	-	-	-	176	-	-	-	174	8,765	501	-
357	Accrued Pension and OPEB Liabilities	64,397	37,348	34,689	32,460	34,478	-	-	-	168,666	-	-	-	-	-	-	-	-	83,327	901,761	-	-
350	Total Non-Current Liabilities	68,221	38,121	39,861	48,271	67,981	-	-	-	437,209	-	-	-	-	176	-	145,515	-	6,826,321	1,313,025	1,134,484	-
300	Total Liabilities	235,829	78,315	101,464	151,792	143,122	6,130	17,638	-	515,138	144,153	68,817	38,511	-	591,296	52,011	625,068	736,836	8,453,625	6,354,135	1,414,351	(7,852,010)
400	Deferred Inflows of Resources	39,665	25,837	23,340	25,072	29,369	-	-	-	114,518	-	-	-	-	-	-	-	-	42,101	647,789	-	-
Net Position																						
508.4	Net Invested in Capital Assets	1,444,327	463,251	1,017,359	2,363,326	2,074,892	-	-	-	21,637	-	-	-	-	-	-	-	-	1,059,123	107,107	(333,793)	-
511.4	Restricted Net Position	-	-	-	-	-	-	-	-	242,972	-	-	-	-	-	-	-	-	570,981	-	646,144	-
512.4	Unrestricted Net Position	237,924	126,836	183,119	213,042	249,049	-	-	-	(44,749)	(24)	(10,363)	(17,569)	-	(73,484)	(3,424)	(185,865)	393,125	2,623,042	1,723,047	239,760	-
513	Total Net Position	1,682,251	590,087	1,200,478	2,576,368	2,323,941																



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, 2018 **and 2017**, 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 18, 2018.

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

B2a, CPAs
Bountiful, Utah
October 18, 2018



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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 *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2018. 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 *OMB Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Compliance Supplement* 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, 2018.

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 OMB Compliance Supplement, 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 OMB Compliance Supplement. Accordingly, this report is not suitable for any other purpose.

B2a CPAs

B2a, CPAs
Bountiful, Utah
October 18, 2018

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Agency / Program Grant Title	CFDA Number	Current Year Expenditures
Department of Housing and Urban Development (HUD):		
Supportive Housing for Persons with Disabilities - (Blended Component Unit)		
Rental Assistance	14.181	\$ 403,126
Deferred Loan	14.181	619,500
CDBG	14.218	-
Shelter Plus Care Program	14.238	-
Home Investment Partnership	14.239	255,424
Housing Opportunities for Persons With Aids (HOPWA) - Passed through the Department of Workforce Services)	14.241	296,140
Continuum of Care	14.267	2,823,771
Low Rent Public Housing	14.850	1,501,758
Public Housing Capital Fund	14.872	266,293
Housing Choice Vouchers	14.871	20,479,899
ROSS	14.870	79,530
ROSS - Family Self Sufficiency	14.896	194,603
Department of Health and Human Services		
Homeless Prevention Program - Passed through Salt Lake County	93.667	-
Temporary Assistance for Needy Families - Passed through the Department of Workforce Services	93.558	423,280
Department of Justice		
Byrne Formula Grant Program	16.579	85,222
Total Expenditures of Federal Awards		<u>\$ 27,428,546</u>

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

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	CFDA Number	Total Grant	Prior Year Expenditures	Current Year Expenditures	Remaining Grant
UT06900350114	14.872	\$ 711,802	\$ 709,556	\$ 2,246	\$ -
UT06900350115	14.872	727,058	662,641	64,417	-
UT06900350116	14.872	758,926	411,674	286,003	61,249
UT06900350117	14.872	770,588	-	501,925	268,663
UT06900350118	14.872	1,205,110	-	-	1,205,110
Total		\$4,173,484	\$ 1,783,871	\$ 854,591	\$1,535,022

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018**

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 section 510(a) of Compliance Supplement? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.181	Supportive Housing for Persons with Disabilities
14.241	HOPWA
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, 2018**

Internal Control Over Financial Reporting

There were no findings to report for the year ended June 30, 2018.

Compliance

There were no findings to report for the year ended June 30, 2018.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Schedule of Findings and Questioned Costs-Prior Year
June 30, 2017**

Internal Control Over Financial Reporting

There were no findings to report for the year ended **June 30, 2017**.

Compliance

There were no findings to report for the year ended **June 30, 2017**.



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**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, 2018.

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

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Restricted Revenue
- Open and Public Meetings Act
- Treasurer's Bond
- Utah Public Finance Website
- Cash Management
- Special and Local Service District Board Members

The Authority did not receive any major State grants during the year ended June 30, 2018.

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, 2018.

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 CPAs

B2a, CPAs
Bountiful, Utah
October 18, 2018