

Financial Statements of the  
**Housing Connect**  
Salt Lake City, Utah  
For the years ended June 30, 2021 and 2020  
Including Independent Auditors' Reports,  
Management's Discussion and Analysis, and  
Supplemental Information





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### INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Housing Connect  
Salt Lake City, Utah

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Housing Connect, which comprise the Combined Statement of Net Position as of June 30, 2021 and 2020, 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 Housing Connect as of June 30, 2021 and 2020, 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 December 12, 2021, on our consideration of Housing Connect'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 Housing Connect's internal control over financial reporting and compliance.

***B2a CPAs***

B2a, CPAs  
Bountiful, Utah  
December 12, 2021



## **HOUSING CONNECT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Housing Connect 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 Housing Connect's financial statements (beginning on page 1).

#### **FINANCIAL HIGHLIGHTS**

- Housing Connect's net assets increased by \$700,000 from \$32.1 to \$31.4 million during 2021. Since Housing Connect engages only in business-type activities, the increase is all in the category of business-type net assets. Most of this small decrease came from the addition of component unit net assets that had a negative net position invested in capital assets.
- Revenue increased by \$7.5 million from \$58.8 million in 2020 to \$51.3 million in 2021, a decrease of 15%. The one time sale and transfer of 167 Public Housing units provided revenue of \$17.9 million in 2020. The Housing Choice Voucher's revenue increased by \$4.2 million and Continuum of Care, Mainstream Vouchers, Emergency Vouchers, also saw modest increases in revenue.
- The total expenses of all Housing Connect programs increased from \$41.5 million in 2020 to \$47.4 million in 2021, an increase of \$5.9 million or 14.2%. \$6.3 million of the increase was due directly to housing assistance payments to landlords for low income housing where other categories of expenses had a slight decrease.



**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. B-L

**Basic Financial Statements**

~ Authority-wide Financial Statements – pgs. 1-4  
Summary Financial Information for Blended Component Units – pg 5  
~ Notes to Financial Statements – pgs. 6-28

**Other Required Supplementary Information**

~ Required Supplementary Information pgs. 29 - 44  
(other than MD&A)

The primary focus of Housing Connect's financial statement is on both Housing Connect as a whole and the major individual programs. Both perspectives allow the user to address relevant questions, broaden a basis for comparison (year to year or Housing Connect to other housing authorities) and enhance Housing Connect's accountability.



## Housing Connect-Wide Financial Statements

The Housing Connect-wide financial statements (see pgs. 1-4) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for Housing Connect.

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 Housing Connect. 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 Housing Connect. 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 Housing Connect-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**

Housing Connect 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, Housing Connect designates reported units as programs. The Department of Housing and Urban Development requires many of the programs maintained by Housing Connect. Others are segregated to enhance accountability and control.

## **Housing Connect's Programs**

### Business Type Programs

Low Income Public Housing – Under the Low Income Public Housing Program, Housing Connect 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 Housing Connect's Public Housing properties. Housing Connect'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, Housing Connect administers contracts with independent landlords that own the property. Housing Connect 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 Housing Connect 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, Housing Connect 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 Housing Connect's total assets, liabilities, revenues or expenses:

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

**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.



**Statement of Net Assets**

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

**TABLE 1**

**STATEMENT OF NET ASSETS**

	2021 (millions)	2020 (millions)
Unrestricted Current Assets	\$ 24.4	\$ 20.0
Restricted Current Assets	3.9	2.8
Capital Assets	19.1	21.5
Other Non-current Assets	2.3	1.7
Total Assets	49.7	46.0
Current Liabilities	4.0	2.7
Long-Term Liabilities	14.3	11.2
Total Liabilities	18.3	13.9
Net Assets:		
Invested in Capital Assets, Net of Related Debt	6.5	11.8
Restricted	3.3	2.3
Unrestricted	21.6	18.0
Total Net Assets	\$31.4	\$32.1

For more detailed information see page 1 for the Statement of Net Position.

**Major Factors Affecting the Statement of Net Assets**

Unrestricted Current Assets increased by \$4.2 million during 2021 due to the receipt of proceeds of the sale of 44 units of Public Housing. Unrestricted Current Assets increased by a similar amount due to these transactions. Total Liabilities increased from \$13.9 million to \$18.3 million due to a \$3.4 increase in liabilities on added component unit's liabilities. Capital Assets decreased from \$21.5 million to \$19.1 million in 2021 mostly due to the retirement and depreciations of older Public Housing assets. Total Net Assets increased by \$700,000 in 2021. Net assets invested in capital assets, net of related debt decreased from \$11.8 million to \$6.5 million in 2021. For more detail see "Capital Assets and Debt Administration" below. Restricted Net Assets increased by \$1 million.



**TABLE 2**

**CHANGE OF UNRESTRICTED NET ASSETS**

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

	2021 (millions)	2020 (millions)
Beginning Balance - Unrestricted Net Assets	\$ 18.0	\$4.9
Results of Operations affecting Unrestricted Net Assets	6.3	17.3
Adjustments:		
Depreciation (1)	1.5	1.4
Adjusted Results from Operations	7.8	18.7
Net Capital Expenditures (2)	(4.2)	(5.6)
Ending Balance - Unrestricted Net Assets	\$ 21.6	\$18.0

(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 Housing Connect's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial wellbeing.



**TABLE 3**

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

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

	2021 (millions)	2020 (millions)
<b>Revenues</b>		
Tenant Revenue Rents	\$ 4.4	\$ 3.5
Operating Subsidies and Grants	42.1	36.0
Other Revenues	4.7	15.4
Special Net Gain	0.1	3.9
Total Revenue	51.3	58.8
<b>Expenses</b>		
Administrative	6.9	6.9
Tenant Services	1.0	1.5
Utilities	0.7	0.6
Maintenance	1.8	2.0
General	0.7	0.5
Casualty Loss	0.0	0.1
Housing Assistance Payments	34.5	28.2
Depreciation	1.5	1.4
Interest Expense	0.3	0.3
Total Expenses	47.4	41.5
Net Increase/(Loss)	\$ 3.9	\$ 17.3

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

Tenant revenue increased by \$900,000, with \$200,000 due to growth in market rents and \$700,000 due to the addition of component units. Operating Subsidies and Grants increased in 2021 by \$6.1 million due to funding increases of \$4.2 million in the Housing Choice Vouchers program, \$500,000 in Continuum of Care funding and Mainstream Voucher programs each, and \$300,000 new funding in Emergency Housing Vouchers. Other Revenues decreased by \$10.7 million because of the one time sale of 83 Public Housing scattered units and the transfer of 84 Public Housing units out of Public Housing through the HUD Rental Assistance Demonstration program in 2020.

Total Housing Assistance Payments increased by \$6.3 million in 2021, with an increase of \$5 million in the Housing Choice Voucher program, an increase of \$600,000 in Mainstream



Vouchers, and an increase of \$400,000 in Continuum of Care payments. Tenant Services decreased by \$500,000 due to discontinued TANF and Gateway to Housing Programs of \$300,000 and a switch of \$200,000 from internal staff to contracted staffing.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of the end of 2021, Housing Connect had \$19.1 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$2,400,000 (additions, deductions and depreciation) from the end of 2020.

**TABLE 4**

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

	2021	2020
Land and land rights	\$ 6.1	\$ 6.4
Site Improvements	5.9	5.9
Buildings	48.2	46.0
Equipment – Administrative	1.6	1.5
Accumulated Depreciation	(43.7)	(38.7)
Construction In Progress	1.0	0.4
Total	\$19.1	\$21.5

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes to the Financial Statements.



**TABLE 5**

**CHANGE IN CAPITAL ASSETS (IN MILLIONS)**

	2021	2020
Beginning Balance	\$ 21.5	\$ 16.9
Additions, Net of Retirements	(0.9)	6.0
Depreciation	(1.5)	(1.4)
Ending Balance	\$19.1	\$21.5

Major items effecting capital assets in 2021 were modernization of Public Housing, Covewood, and Owned Unit properties and retirements of older Public Housing assets. There was also a small amount of equipment purchases.

**Debt Outstanding**

As of year-end, Housing Connect had \$11.4 million in debt (bonds, notes, etc.) outstanding compared to \$8.7 million in 2020 with the increase due to additional debt in component units.

**TABLE 6**

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

	2021	2020
<u>Program Type</u>		
Enterprise - Long Term	\$11.1	\$8.4
Enterprise – Current	0.3	0.3
Total	\$ 11.4	\$ 8.7



## **ECONOMIC FACTORS**

Significant economic factors affecting Housing Connect 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
- Covid-19 pandemic stress on tenant rental income, additional mitigating expenses, and additional temporary funding.

## **FINANCIAL CONTACT**

The individual to be contacted regarding this report is:

Andre Bartlome  
Chief Financial Officer  
Housing Connect  
3595 South Main Street  
Salt Lake City, UT 84115  
bartlome@housingconnect.org  
(801) 284-4440



**Housing Connect**  
**Statements of Net Position**  
**For the Years Ending June 30, 2021 and 2020**

	2021	2020
<b>Assets and Deferred Outflows of Resources</b>		
Current Assets		
Cash	\$ 15,706,213	\$ 10,301,290
Investments	207,212	144,504
Accounts Receivable - HUD	1,275,566	1,716,390
Accounts Receivable Tenants	75,305	92,453
Allowance for Doubtful Accounts	(23,071)	(23,832)
Accounts Receivable - Other	6,845,313	7,544,334
Current Portion of Notes Receivable	11,986	11,454
Inventory	72,953	77,554
Other Current Assets	179,669	184,830
Total Current Assets	24,351,146	20,048,977
Restricted Assets		
Cash	3,654,131	2,620,904
Investments	71,041	176,360
Total Restricted Assets	3,725,172	2,797,264
Capital Assets		
Land	6,062,073	5,516,769
Building and Improvements	54,271,542	50,226,718
Furniture and Equipment	1,627,191	1,545,103
Construction in Progress	1,061,294	350,827
Total Capital Assets	63,022,100	57,639,417
Accumulated Depreciation	(43,909,212)	(40,119,776)
Net Capital Assets	19,112,888	17,519,641
Other Assets		
Notes and Mortgages Receivable - Net of Current Portion	1,514,834	1,555,451
Total Other Assets	1,514,834	1,555,451
Deferred Outflow of Assets	799,449	703,203
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 49,503,489</b>	<b>\$ 42,624,536</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
Current Liabilities		
Accounts Payable	\$ 1,120,902	\$ 823,397
Tenant Security Deposits	199,046	176,433
Accrued Liabilities	426,571	382,874
Other Current Liabilities	1,391,551	210,192
Unearned Revenue	596,292	781,874
Current Portion of Notes Payable	751,751	264,819
Total Current Liabilities	4,486,113	2,639,589
Long Term Liabilities		
Notes Payable - Net of Current Portion	10,680,758	8,442,255
Accrued Pension and OPEB Liabilities	188,918	1,177,342
Other Long-Term Obligations	1,746,549	1,513,946
Total Long-Term Liabilities	12,616,225	11,133,543
Deferred Inflows of Resources	1,304,535	662,962
<b>Total Liabilities and Deferred Inflows of Resources</b>	18,406,873	14,436,094
<b>Net Position</b>		
Net Invested in Capital Assets	7,680,379	7,900,935
Restricted Net Position	3,523,608	2,258,865
Unrestricted Net Position	19,892,629	18,028,642
Total Net Position	31,096,616	28,188,442
<b>Total Liabilities, Deferred Inflows or Resources and Net Position</b>	<b>\$ 49,503,489</b>	<b>\$ 42,624,536</b>



**Housing Connect**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating Revenues</b>		
Federal Subsidies	\$ 41,873,876	\$ 35,700,583
Rents	4,319,049	3,387,013
Other	1,229,059	4,448,091
<b>Total Operating Revenue</b>	47,421,984	43,535,687
<b>Operating Expenses</b>		
Administrative	7,134,123	6,914,015
Tenant Services	1,004,687	1,505,387
Utilities	676,348	619,853
Ordinary Maintenance and Operations	1,799,907	2,003,573
Insurance	393,777	331,360
General	167,290	121,823
Housing Assistance Payments	34,534,468	28,224,174
Depreciation	1,487,877	1,365,579
Fraud Losses	75,709	59,804
<b>Total Operating Expenses</b>	47,274,186	41,145,568
<b>Income (Loss) from Operations</b>	147,798	2,390,119
<b>Non-Operating Income (Expenses)</b>		
Interest Income	66,645	81,321
Interest Expense	(333,981)	(282,505)
Gain (Loss) on Sale of Capital Assets	3,441,783	10,926,862
Casualty Loss	(23,152)	(45,239)
<b>Total Non-Operating Income (Expenses)</b>	3,151,295	10,680,439
<b>Capital Grants</b>	208,591	344,767
<b>Change in Net Position</b>	3,507,684	13,415,325
<b>Net Position at Beginning of Year</b>	28,188,442	14,773,117
Equity Transfers	(734,389)	-
Beginning Equity of New Component Units	134,879	-
<b>Adjusted Net Position at End of Year</b>	\$ 31,096,616	\$ 28,188,442



**Housing Connect**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Federal Subsidies Received	\$ 42,314,700	\$ 34,627,815
Rents Received	4,080,371	3,947,873
Other Receipts	1,229,059	4,448,091
Interest Income Received	66,645	81,321
Cash Paid for Administrative Services	(7,533,523)	(6,927,887)
Cash Paid for Tenant Services	(1,004,687)	(1,505,387)
Cash Paid for Utilities	(676,348)	(619,853)
Cash Paid for Ordinary Maintenance and Operations	(1,799,907)	(2,003,573)
Cash Paid for Insurance	(393,777)	(331,360)
Cash Paid for General Expenses	2,036,744	(3,772,257)
Cash Paid for Housing Assistance	(34,534,468)	(28,224,174)
Cash Paid for Interest	(333,981)	(282,505)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,450,828</b>	<b>(561,896)</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Capital Assets	(3,545,681)	(2,022,062)
Capital Grants	208,591	344,767
Proceeds from Sale of Capital Assets	3,283,676	10,881,623
Issuance/Retirement of Long-Term Debt	2,958,038	(2,551)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>2,904,624</b>	<b>9,201,777</b>
<b>Cash Flows from Capital Financing Activities</b>		
Investments Net Change	42,611	78,510
Notes Receivable Principal Payments Received	40,087	25,999
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<b>82,698</b>	<b>104,509</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,438,150</b>	<b>8,744,390</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>12,922,194</b>	<b>4,177,804</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 19,360,344</b>	<b>\$ 12,922,194</b>



**Housing Connect**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Income (Loss) from Operations	\$ 147,798	\$ 2,390,119
Adjustments to Reconcile Change in Net Position to Net Cash Provided (Used) by Operating Activities		
Depreciation	1,487,877	1,365,579
Interest Income	66,645	81,321
Interest Expense	(333,981)	(282,505)
Decrease (Increase) in Operating Assets		
Accounts Receivable - HUD	440,824	(1,072,768)
Accounts Receivable - Other	715,408	(2,345,772)
Inventory	4,601	4,688
Current Assets	5,161	(16,616)
Deferred Outflows of Resources	(96,246)	529,337
Increase (Decrease) in Operating Liabilities		
Accounts Payable	297,505	245,430
Tenant Security Deposits	22,613	(24,730)
Accrued Liabilities	43,697	(3,055)
Other Current Liabilities	1,181,359	(1,538,164)
Unearned Income	(185,582)	645,394
OPEB Obligations	(988,424)	(1,089,550)
Deferred Inflows of Resources	641,573	549,396
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 3,450,828</u>	<u>\$ (561,896)</u>



**Housing Connect**  
**Blended Component Units Summary Financial Information**  
**For the Years Ended June 30, 2021**

	Affordable Housing Associates, Inc. (AHA)	Housing Opportunities , Inc. (HOI)	Housing Connect Fund	Frontier	Special Needs	Villa Charmant	Choice Property Solutions	Total Blended Presented Component Units
<b>Assets</b>								
Current Assets	\$ 16,078	\$ 7,477	\$ 196,175	\$ 85,811	\$ 6,462	\$ 38,210	\$ 43,012	\$ 393,225
Restricted Assets	53,767	476,113	-	35,084	100,429	1,200,322	74	1,865,789
Net Capital Assets	507,470	1,080,507	-	246,231	200,423	1,596,588	-	3,631,219
Other Assets	-	470,000	-	-	-	-	-	470,000
<b>Total Assets</b>	<b>\$ 577,315</b>	<b>\$ 2,034,097</b>	<b>\$ 196,175</b>	<b>\$ 367,126</b>	<b>\$ 307,314</b>	<b>\$ 2,835,120</b>	<b>\$ 43,086</b>	<b>\$ 6,360,233</b>
<b>Liabilities</b>								
Current Liabilities	\$ 35,010	\$ 191,170	\$ 201,397	\$ 10,843	\$ 49,762	\$ 520,917	\$ 81,209	\$ 1,090,308
Long Term Liabilities	1,134,046	348,890	-	398,650	79,667	2,381,000	-	4,342,253
<b>Total Liabilities</b>	<b>1,169,056</b>	<b>540,060</b>	<b>201,397</b>	<b>409,493</b>	<b>129,429</b>	<b>2,901,917</b>	<b>81,209</b>	<b>5,432,561</b>
<b>Total Net Position</b>	<b>(591,741)</b>	<b>1,494,037</b>	<b>(5,222)</b>	<b>(42,367)</b>	<b>177,885</b>	<b>(66,797)</b>	<b>(38,123)</b>	<b>927,672</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 577,315</b>	<b>\$ 2,034,097</b>	<b>\$ 196,175</b>	<b>\$ 367,126</b>	<b>\$ 307,314</b>	<b>\$ 2,835,120</b>	<b>\$ 43,086</b>	<b>\$ 6,360,233</b>
<b>Total Operating Revenue</b>	<b>\$ 96,207</b>	<b>\$ 375,729</b>	<b>\$ 198,415</b>	<b>\$ 96,820</b>	<b>\$ 129,904</b>	<b>\$ 505,666</b>	<b>\$ 104,273</b>	<b>\$ 1,507,014</b>
<b>Operating Expenses</b>								
Administrative	26,420	93,037	169,429	33,422	37,902	132,347	148,809	641,366
Tenant Services	103	14	34,208	-	194	-	-	34,519
Utilities	9,829	22,564	-	14,412	15,824	28,281	-	90,910
Ordinary Maintenance and Operations	17,558	82,678	-	24,227	50,020	112,013	-	286,496
Insurance	3,588	16,725	-	2,912	5,099	15,723	2,979	47,026
General	8,744	(1,142)	-	2,194	5,740	16,338	-	31,874
Depreciation	41,318	169,097	-	21,210	23,656	120,255	-	375,536
Interest Expense	-	-	-	-	3,198	81,802	-	85,000
<b>Total Operating Expenses</b>	<b>107,560</b>	<b>382,973</b>	<b>203,637</b>	<b>98,377</b>	<b>141,633</b>	<b>506,759</b>	<b>151,788</b>	<b>1,592,727</b>
<b>Change in Net Position</b>	<b>\$ (11,353)</b>	<b>\$ (7,244)</b>	<b>\$ (5,222)</b>	<b>\$ (1,557)</b>	<b>\$ (11,729)</b>	<b>\$ (1,093)</b>	<b>\$ (47,515)</b>	<b>\$ (85,713)</b>



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ORGANIZATION AND HISTORY

Housing Connect was established in 1970 for the purpose of providing affordable housing to individuals living in Salt Lake County.

Housing Connect supports a total of 4,158 housing units under 25 different housing programs. Housing Connect owns 401 units in its public housing program, of which 400 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 Housing Connect directly from HUD. Housing Connect subsidizes rental expenses for 3,405 units which clients lease from private apartment owners. In addition, Housing Connect owns and operates 217 units which are not subject to HUD guidelines and for which no subsidies are received from HUD. All of these 217 units are available for lease.

### REPORTING ENTITY

The Board of Commissioners (the Board), which is appointed by the Mayor, has governance responsibility over all activities related to the Authority. These financial statements present the Authority and its component units: entities for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing for low- and moderate-income families.

Blended component units, although legally separate entities are, in substance, part of the Authority's operations. Thus, blended component units are appropriately presented as funds of the primary government. The governing boards of the following component units are the same as the primary government's governing board. Additionally, management of the primary government has operational responsibility for the component units; therefore, making them blended component units.

Because members of the Board have the authority to make decisions, appoint administrators and managers, and significantly influence operations and have primary accountability for fiscal matters, the Authority is not included in any other governmental "reporting entity" as defined by GASB Codification Section 2100, *Defining the Financial Reporting Entity*.

### Blended Component Units

The following component units are combined with the Authority's activities.

#### *Affordable Housing Associates, Inc. (AHA)*

AHA is a non-profit organization which provides relocation services for low income individuals who have disabilities. The organization receives a majority of its revenue from a HUD grant program.

#### *Housing Opportunities, Inc. (HOI)*

AHA is a non-profit organization which manages properties and provides supportive services for recipients of low income housing assistance through Housing Connect.

#### *Housing Connect Fund, Inc. (HCF)*

HCF is a nonprofit organization which has been organized, pursuant to the Utah Non-profit



Corporation and Co-operative Association Act. It seeks to enhance Housing Connect's impact by developing strategic partnerships. Breaking out the charitable services from (HOI), the fund is established to fundraise programs and service needs of the residents.

*Frontier Transition Housing, L.C.*

Frontier is a limited liability company organized under the laws of the State of Utah. It owns a 14 unit apartment complex providing housing to low income individuals in Salt Lake City, Utah. The limited liability company consists of HOI, a non-profit corporation, and a Utah financial institution, both of which are members.

*Special Needs Housing, LLC.*

Special Needs Housing is a limited liability company organized under the laws of the State of Utah. It owns a 16 unit apartment complex, known as the Gregson Apartments, providing housing to low income individuals in Salt Lake City, Utah.

*Villa Charmant, LLC*

Villa Charmant is a limited liability company organized under the laws of the State of Utah. It owns a 54-unit apartment complex providing housing to low income individuals in Salt Lake City, Utah. The limited liability company was formed by the Housing Connect, and by a Utah financial institution, both of which are members.

*Choice Property Solutions*

Choice Property Solutions (CPS) is a company organized under the laws of the State of Utah. It was created as a vehicle for the third party management performed by Housing Connect for unrelated entities.

**INTER-PROGRAM TRANSACTIONS**

Inter-program payables and receivables as of June 30, 2021 and 2020, totaling \$9,715,406 and, \$7,140,137 respectively, have been eliminated from the statements of net position. Inter-program revenues and expenses for the years ending June 30, 2021 and 2020, of \$1,604,669 and \$1,754,785 respectively, have been eliminated from the statements of revenues, expenses and changes in net position.

**BASIS OF PRESENTATION - FUND ACCOUNTING**

Housing Connect 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.

Housing Connect 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, Housing Connect 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, Housing Connect accounts for all HUD-related and non-HUD operations as a single enterprise fund.

#### BASIS OF ACCOUNTING

Housing Connect 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 Housing Connect’s mission.

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

#### CASH AND CASH EQUIVALENTS

Housing Connect 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, 2021 and 2020 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

Housing Connect's net positions are classified as follows:

*Net Investment in Capital Assets* – This component of net position consists of Housing Connect'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.

*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".

Housing Connect'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 \$72,953 and \$77,554 at June 30, 2021 and 2020, respectively.

## UNEARNED INCOME

Unearned Income consists of federal subsidies and rents for the following fiscal years which were received by Housing Connect on or before June 30, 2021 and 2020.

## ACCRUED COMPENSATED ABSENCES

The balance of accrued liabilities at June 30, 2021 and 2020 of \$402,689 and \$382,874 includes current accrued compensated absences totaling \$340,943 and \$314,114, respectively. Other long-term obligations at June 30, 2021 and 2020 of \$1,746,549 and \$1,513,946, includes non-current accrued compensated absences totaling \$24,601 and \$34,902, respectively.

## SUBSEQUENT EVENTS

Subsequent events were evaluated by management through December 12, 2021, 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 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 Statement No. 92, Omnibus 2020* - The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021, Earlier application is encouraged and is permitted by topic. Fixed assets transferred to and from Housing Connect are done so at book value including the previously recorded accumulated depreciation.

*GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* - Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

*GASB Statement No. 87, Leases* - Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Note this standard will be implemented in fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include



buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

*GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*

- Effective Date: Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**NOTE 2 – DEPOSITS**

Deposits for Housing Connect 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 Housing Connect'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, Housing Connect's deposits may not be recovered. Housing Connect'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, 2021 and 2020 all of the Authorities bank balances fall under the FDIC insurance limits or are specifically collateralized in accordance with a depository agreement signed by Housing Connect 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. Housing Connect'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



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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. Housing Connect'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. Housing Connect'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.

**NOTE 3 - INVESTMENTS**

Investments at June 30, 2021 and 2020, totaling \$278,253 and \$320,864 respectively, consist of holdings in the Utah Public Treasurers' Investment Fund (PTIF). See the PTIF website for details at [www.treasurer.state.ut.us](http://www.treasurer.state.ut.us).

**NOTE 4 - ECONOMIC DEPENDENCY**

A substantial portion of Housing Connect's revenue comes from U.S. Department of Housing and Urban Development (HUD). Operations of Housing Connect 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, 2021 and 2020 consist of the following:

	Public Housing	Housing Choice Vouchers	COCC	Business Activities	Component Units	Total
<b>June 30, 2021</b>						
Cash						
Program Restricted	\$ 14,023	\$ 381,042	\$ -	\$ 653,630	\$ 1,830,451	\$ 2,879,146
Tenant Security Deposits	73,122	-	-	77,775	16,817	167,714
Restricted for Current Liabilities	-	-	-	-	-	-
Investments						
Restricted	-	-	-	52,520	18,521	71,041
<b>Total Restricted Assets</b>	<b>\$ 87,145</b>	<b>\$ 381,042</b>	<b>\$ -</b>	<b>\$ 783,925</b>	<b>\$ 1,865,789</b>	<b>\$ 3,117,901</b>
	Public Housing	Housing Choice Vouchers	COCC	Business Activities	Component Units	Total
<b>June 30, 2020</b>						
Cash						
Program Restricted	\$ 15,856	\$ 959,824	\$ -	\$ 978,064	\$ 488,288	\$ 2,442,032
Tenant Security Deposits	79,299	-	-	82,252	14,804	176,355
Restricted for Current Liabilities	-	-	-	2,517	-	2,517
Investments						
Restricted	-	-	-	-	176,360	176,360
<b>Total Restricted Assets</b>	<b>\$ 95,155</b>	<b>\$ 959,824</b>	<b>\$ -</b>	<b>\$ 1,062,833</b>	<b>\$ 679,452</b>	<b>\$ 2,797,264</b>

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

**NOTE 6 - RISK MANAGEMENT**

Housing Connect 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. Housing Connect 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 Housing Connect pays in the event of any loss. Housing Connect 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 Utah State Retirement 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. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

Summary of Benefits by System

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



Summary of Benefits by System

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

*\*with actuarial reductions*

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

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	15.66	1.03
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.



For fiscal year ended June 30, 2021, the employer and employee contributions to the System were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$361,636	N/A
Tier 2 Public Employees System	401,252	-
Tier 2 DC Only System	18,084	N/A
<b>Total Contributions</b>	<b>\$789,972</b>	<b>\$ -</b>

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.

**Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions**

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$1,177,341.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$0	\$1,138,594	0.3021050%	0.2974673%	(0.0046377)%
Tier 2 Public Employees System	\$0	\$38,747	0.1722815%	0.1784486%	0.0061671%
	<u>\$0</u>	<u>\$1,177,341</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, we recognized pension expense of \$779,733. At June 30, 2021, 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	\$114,409	\$29,653
Changes in assumptions	\$137,135	\$1,114
Net difference between projected and actual earnings on pension plan investments	\$ -	\$605,582
Changes in proportion and differences between contributions and proportionate share of contributions	\$50,343	\$26,613
Contributions subsequent to the measurement date	\$401,316	\$0
	\$703,203	\$662,962

\$401,316 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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
2020	\$(53,162)
2021	\$(128,226)
2022	\$21,351
2023	\$(226,933)
2024	\$3,892
Thereafter	\$22,004

**Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2020, we recognized pension expense of \$ 561,909.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:



**Housing Connect**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$103,569	\$16,355
Changes in assumptions	\$120,590	\$-
Net difference between projected and actual earnings on pension plan investments	\$-	\$575,797
Changes in proportion and differences between contributions and proportionate share of contributions	\$21,852	\$26,613
Contributions subsequent to the measurement date	\$176,173	\$-
	\$422,184	\$618,765

\$ 176,173 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$(49,015)
2021	\$(124,660)
2022	\$19,829
2023	\$(218,908)
2024	\$ -
Thereafter	\$ -

**Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2020, we recognized pension expense of \$ 217,824. At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:



**Housing Connect**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$10,840	\$13,298
Changes in assumptions	\$16,545	\$1,114
Net difference between projected and actual earnings on pension plan investments	\$ -	\$29,785
Changes in proportion and differences between contributions and proportionate shares of contributions	\$28,491	\$ -
Contributions subsequent to the measurement date	\$225,142	\$ -
	\$281,019	\$44,197

\$225,142 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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:

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$(4,147)
2021	\$(3,567)
2022	\$1,522
2023	\$(8,025)
2024	\$3,892
Thereafter	\$22,004

**Actuarial assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 – 9.75 percent, average, including inflation
Investment Rate of Return	6.95 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, 2020 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-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$3,556,226	\$1,138,494	\$(877,686)
Tier 2 Public Employees System	334,136	38,747	(189,534)



<b>Total</b>	\$3,890,362	\$1,177,341	\$(1,067,220)
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Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**Defined Contribution Savings Plans**

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

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

- \* 401 (k) Plan
- \*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:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>401(k) Plan</b>			
Employer Contributions	\$125,405	\$101,620	\$43,509
Employee Contributions	\$228,895	\$221,578	\$51,337
<b>457 Plan</b>			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$5,764	\$5,590	\$1,419
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$37,450	\$46,704	\$16,303



**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:



**Housing Connect**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Component Unit Notes Payable**

	<b>2021</b>	<b>2020</b>
<p>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.</p>	\$ 315,813	\$ 315,813
<p>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.</p>	198,670	198,670
<p>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.</p>	619,500	619,500
<p>A deferred note payable to the State of Utah Olene Walker Housing Trust fund (the state) for \$348,485 with an interest rate of 0% per year. The deferred not 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 not is not required as long as the Organization is in</p>	348,485	348,485
<p>A deferred note payable to the State of Utah Housing Trust Fund with an original interest rate of six percent (6%) per annum, payable in monthly installments of \$1,882 and secured by real estate. The note payable is due in September 2026. The note was modified on November 24, 2008 to an interest rate of three percent (3%) per annum, payable in monthly installments of \$1,536. The note is still secured by real estate and</p>	95,413	110,363
<p>A deferred note payable to Salt Lake County for \$52,650 at 0% per annum is secured by a Trust Deed, whereby the Company has pledged as security for repayment of this note all of its rights to title and interest in the Real Property. Repayment of this note is not required as long as the property is used as transitional housing, and the property is not transferred and the ownership does not change.</p>	52,650	52,650
<p>A deferred note payable to Salt Lake County for \$256,000 at 0% per annum is secured by a Trust Deed, whereby the Company has pledged as security for repayment of this note all of its rights to title and interest in the Real Property. Repayment of this note is not required as long as the property is used as transitional housing, and the property is not transferred and the ownership does not change.</p>	256,000	256,000



**Housing Connect**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

A deferred note payable to State of Utah Olene Walker Housing Trust Fund (the State) for \$90,000 at 0% per annum is secured by a Trust Deed, whereby the Company has pledged as security for repayment of this 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 Company is in compliance with the requirements found in the “Trust Deed Note” document.

90,000                      90,000

Long-term debt consists of a 16-year note, secured by real estate. The original amount of the note is \$2,325,000 with interest at five and one-half percent (5.5%) per annum, payable in monthly installments of \$13,090.

2,468,000                      1,526,184

Total Blended Component Units Notes Payable      \$ 4,444,531                      \$ 3,517,665

**Central Office Cost Center Notes Payable**

**2021**                      **2020**

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.

\$ 383,805                      \$ 392,369

Total COCC Notes payable      \$ 383,805                      \$ 392,369

**CDBG Program Notes Payable**

**2021**                      **2020**

The revolving loan program, with Sandy City is a discontinued program and as the loan payments are received by the Authority they become due to Sandy City.

\$ 131,398                      \$ 131,398

Total CDBG Notes Payable      \$ 131,398                      \$ 131,398



**Housing Connect**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Business Activities Notes Payable**

	2021	2020
<p>The Authority issued mortgage revenue bonds "Housing Authority of the County of Salt Lake Refunding and Improvement Bonds (Covewood Apartments) Series 2019". The bond was used to refund the Series 2007 bond and pay for capital improvements on the Covewood Apartments. The bond is a mortgage revenue bond for a business-type activity, The bond was issued January 25, 2019 with 6,476 bonds issued and outstanding with a face value of the series of \$6,476,000. 4,405 bonds bear an interest rate of 3.79% and a maturity date of December 15, 2033. 2,071 bonds bear an interest rate of 3.2% and have an maturity date of December 15, 2038. There is a mandatory bond sinking fund deposit schedule to offset the bond over time. As of June 30, 2019, the bond sinking fund had \$135,0000 deposited. Bond balances are reflected net of bond sinking fund balances.</p>	\$ 5,881,845	\$ 6,115,000
<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. 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>	55,859	72,198
<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>	93,200	103,008
<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>	116,871	85,633
<p>A N/P from SL county, Deferred and no payments required - Transitional Living</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
<p><b>Total Business Activites Notes Payable</b></p>	\$ 6,472,775	\$ 6,700,839



OTHER LONG-TERM OBLIGATIONS – CHANGE FROM PRIOR YEAR

<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
Accrued Compensated Absences	\$ 24,601	\$ 34,902	\$ (10,301)
Family Self Sufficiency Program	335,387	346,110	(10,723)
Prepaid Land Lease - Bud Bailey	1,370,688	1,115,228	255,460
Draper City Shelter Funding	650	650	-
Other Long-Term Obligations	15,223	17,056	(1,833)
Total Other Long-Term Obligations	<u>\$ 1,746,549</u>	<u>\$ 1,513,946</u>	<u>\$ 232,603</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>
2022	\$ 242,814	\$ 751,751
2023	215,327	268,338
2024	204,895	279,126
2025	194,044	290,132
2026	182,958	295,982
Thereafter	1,206,892	6,540,526
Total	<u>\$ 2,246,930</u>	<u>\$ 8,425,855</u>

**NOTE 9 – SCHEDULE OF CHANGES IN CAPITAL ASSETS**

	<u>06/30/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers / Adjustments</u>	<u>06/30/21</u>
Land	\$ 5,516,769	\$ -	\$ (21,462)	\$ -	\$ 5,495,307
Buildings and Improvements	44,298,407	3,057,041	(1,188,226)	(2,724,023)	43,443,199
Furniture and Equipment	1,545,103	391,339	(270,911)	(65,742)	1,599,789
Leasehold Improvements	5,928,311	97,301	(44,809)	(199,702)	5,781,101
Construction in Progress	350,827	-	-	710,467	1,061,294
Total Capital Assets	57,639,417	3,545,681	(1,525,408)	(2,279,000)	57,380,690
Accumulated Depreciation	(40,119,776)	(1,487,877)	2,070,875	(777,082)	(40,313,860)
Net Capital Assets	<u>\$17,519,641</u>				<u>\$17,066,830</u>

Depreciation of Property and Equipment for the years ended June 30, 2021 and 2020 was \$1,322,756 and \$1,365,579, respectively.



**NOTE 10 - RELATED PARTY TRANSACTIONS**

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

During the year ended June 30, 2021 and 2020 Housing Connect earned management fee revenue of \$141,380 and \$134,158 from these entities. The following table is a summary of the Related Party Receivables at year end.

	<b>2021</b>	<b>2020</b>
Frontier	\$ 19,776	\$ -
Gregson - Special Needs	-	4,936
Grace Mary Manor	208,025	195,976
Kelly Benson	7,836	-
Bud Bailey	661,152	878,228
Villa Charmant	369,576	309,330
The Hub	1,292,017	526,309
Bodhi	303,797	181,939
Hunter Hollow	390,514	
Other Receivables (not related party)	369,244	505,070
	<b>\$ 3,621,937</b>	<b>\$ 2,601,788</b>

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

**NOTE 11 – SHARED PROJECT**

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

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

**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.

	2016	2017	2018	2019	2020
<b><u>Noncontributory Retirement System</u></b>					
Proportion of the Net Pension Liability (Asset)	0.3143896%	0.2985615%	0.2974673%	0.3021050%	0.3157342%
Proportionate Share of the Net Pension Liability (Asset)	\$ 1,778,969	\$ 1,971,130	\$ 2,190,467	\$ 1,138,594	\$ 161,954
Covered-Employee Payroll	\$ 2,430,015	\$ 2,316,122	\$ 2,078,054	\$ 2,025,483	\$ 1,979,257
Proportionate Share of the Net Pension Liability (asset) as a Percentage of its Covered-Employee Payroll	73.21%	82.77%	105.41%	56.21%	8.12%
Plan Fiduciary Net Position as a Percentage of its Covered-Employee Payroll	87.80%	87.30%	87.00%	93.70%	99.20%
<b><u>Tier 2 Public Employees Retirement System</u></b>					
Proportion of the Net Pension Liability (Asset)		0.1506663%	0.1784486%	0.1722815%	0.1874751%
Proportionate Share of the Net Pension Liability (Asset)		\$ 16,806	\$ 76,426	\$ 38,747	\$ 26,964
Covered-Employee Payroll		\$ 1,235,551	\$ 2,077,537	\$ 2,394,404	\$ 2,996,108
Proportionate Share of the Net Pension Liability (asset) as a Percentage of its Covered-Employee Payroll		1.36%	3.68%	1.62%	0.90%
Plan Fiduciary Net Position as a Percentage of its Covered-Employee Payroll		95.10%	90.80%	96.50%	98.30%

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 Connect**  
**June 30, 2021**

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
<b>Non Contributory System</b>	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%
	2019	387,651	387,651	-	2,114,068	18.34%
	2020	361,636	361,636	-	1,972,059	18.34%
	2021	342,271	342,271	-	1,892,421	18.09%
<b>Tier 2 Public Employees System<sup>1</sup></b>	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%
	2019	367,165	367,165	-	2,362,708	15.54%
	2020	410,252	410,252	-	2,619,745	15.66%
	2021	514,232	514,232	-	3,254,636	15.80%
<b>Tier 2 Public Employees DC Only System*</b>	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%
	2019	6,103	6,103	-	91,232	6.69%
	2020	18,084	18,084	-	171,764	10.53%
	2021	24,314	24,314	-	177,167	13.72%

## **Supplemental Information**

**HOUSING CONNECT**  
**HUD Financial Data Schedule - Statement of Net Position by Program**  
**As of June 30, 2021**

FDS Line #	Description	AMP 1 High Rise 14.850 & 14.872	AMP 2 Valley Fair 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	Housing Choice Voucher 14.871	Mainstream Voucher 14.879	Emergency Housing Vouchers 14.EHV	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	Prevention of Substance Abuse 93.959	CDBG 14.218	State Funds	Business Activities	Central Office & Maintenance	Component Units	Public Housing - CARES Act	HCV - CARES Act	Mainstream - CARES Act	COCC - CARES Act	Eliminations	Combined Balance		
Assets and Deferred Outflows of Resources																															
Current Assets																															
111	Cash and Cash Equivalents-Unrestricted	\$ -	\$ 150,224	\$ 190,883	\$ 148,092	\$ 14,137,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,706,213
113	Cash - Other Restricted	-	-	9,006	2,101	2,916	-	-	381,042	-	-	-	-	-	-	-	-	-	-	-	651,112	-	1,830,451	-	443,065	164,206	-	-	-	3,483,899	
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,518	-	-	-	-	-	-	-	-	2,518	
114	Cash - Tenant Security Deposits	21,239	14,909	29,650	7,324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,775	-	16,817	-	-	-	-	-	-	167,714	
115	Cash - Restricted for Payments of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100	Total Cash	21,239	165,133	229,539	157,517	14,140,192	-	-	381,042	-	-	-	-	-	-	-	-	-	-	-	1,474,137	-	2,184,274	-	443,065	164,206	-	-	-	19,360,344	
122	Accounts Receivable - HUD Other Projects	67,111	44,321	59,728	20,929	18,437	7,305	18,272	-	-	-	-	-	-	-	1,031,576	-	-	-	-	-	-	-	7,887	-	-	-	-	-	1,275,566	
124	Accounts Receivable - Other Government	445,870	-	-	-	-	-	-	-	-	-	81,431	532,613	15,973	-	-	52,215	11,926	-	-	787,435	-	28,079	-	-	-	-	-	-	2,003,962	
125	Accounts Receivable - Other	209	-	-	-	2,240,115	-	-	770	-	-	-	-	-	-	-	-	-	-	-	7,744	2,592,513	-	-	-	-	-	-	-	4,841,351	
126	Accounts Receivable - Tenants	129	1,480	14,734	8,689	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,691	27,030	-	20,552	-	-	-	-	-	75,305	
126	Allowance for Doubtful Accounts-Tenants	(96)	(531)	(3,428)	(1,304)	-	-	-	-	-	-	(1,304)	-	-	-	-	-	-	-	-	(1,716)	(6,354)	-	9,642	-	-	-	-	-	(23,071)	
127	Notes, Loans & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,986	-	-	-	-	-	-	-	-	11,986	
128	Fraud Recovery	-	-	-	-	-	-	-	157,291	-	-	-	57	-	-	2,679	-	-	-	-	-	-	-	-	-	-	-	-	-	160,027	
120	Total Accounts Receivable	513,223	45,270	71,034	28,314	2,258,552	7,305	18,272	158,061	-	-	81,431	532,670	15,973	-	1,034,255	52,215	11,926	-	796,154	32,662	2,640,933	38,989	7,887	-	-	-	-	-	8,345,126	
131	Investments - Unrestricted	-	-	-	-	-	-	-	207,212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	207,212	
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,520	-	18,521	-	-	-	-	-	-	71,041	
142	Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,720	4,742	13,180	-	-	-	-	-	-	19,642	
143	Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,993	-	-	-	-	-	-	-	75,993	
143	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,040)	-	-	-	-	-	-	-	(3,040)	
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	277,394	4,115	-	-	-	-	-	-	-	214,792	494,922	3,921,393	4,798,740	4,050	-	-	-	(9,715,406)	-		
150	Total Current Assets	534,462	210,403	300,573	185,831	16,398,744	7,305	18,272	746,315	-	277,394	85,546	532,670	15,973	-	1,034,255	52,215	11,926	-	214,792	5,482,432	7,517,368	2,259,014	7,887	443,065	164,206	-	(9,715,406)	28,076,318		
Capital Assets																															
161	Land	3,253	360,516	671,974	30,460	397,113	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,468,589	223,786	906,382	-	-	-	-	-	-	6,062,073	
162	Buildings	8,167,652	3,260,068	6,357,492	956,408	3,269,567	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,126,742	1,489,688	8,714,887	-	-	-	-	-	-	48,342,504	
163	Furniture and Fixtures Dwelling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,691	-	-	-	-	-	-	39,691	
164	Furniture and Fixtures Admin	133,320	105,224	100,073	125,799	110,867	-	-	223,457	-	-	-	-	-	-	-	-	-	-	-	38,897	733,276	16,587	-	-	-	-	-	-	1,587,500	
165	Leasehold Improvements	275,552	504,258	1,880,324	387,488	259,684	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,974,770	160,860	486,102	-	-	-	-	-	-	5,929,038	
167	Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,061,294	-	-	-	-	-	-	-	1,061,294	
166	Accumulated Depreciation	(7,850,234)	(3,638,186)	(8,011,584)	(1,289,703)	(3,368,852)	-	-	(203,893)	-	-	-	-	-	-	-	-	-	-	-	(11,139,803)	(1,874,527)	(6,532,430)	-	-	-	-	-	-	(43,909,212)	
160	Total Capital Assets Less Accumulated Depreciation	729,543	591,880	998,279	210,452	668,379	-	-	19,564	-	-	-	-	-	-	-	-	-	-	-	11,530,489	733,083	3,631,219	-	-	-	-	-	-	19,112,888	
171	Notes, Loans and Mortgages Receivable-Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	224,804	40,737	48,199	731,094	470,000	-	-	-	-	-	1,514,834	
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
180	Total Assets	1,264,005	802,283	1,298,852	396,283	17,067,123	7,305	18,272	765,879	-	277,394	85,546	532,670	15,973	-	1,034,255	52,215	11,926	-	439,596	1,331,813	17,061,120	8,981,545	6,360,233	7,887	443,065	164,206	-	(9,715,406)	48,704,040	
200	Deferred Outflow of Resources	29,000	18,756	19,403	10,940	-	-	-	100,773	-	-	-	-	-	-	-	-	-	-	-	44,029	576,548	-	-	-	-	-	-	-	-	799,449
190	Total Assets and Deferred Outflows of Resources	\$ 1,293,005	\$ 821,039	\$ 1,318,255	\$ 407,223	\$ 17,067,123	\$ 7,305	\$ 18,272	\$ 866,652	\$ -	\$ 277,394	\$ 85,546	\$ 532,670	\$ 15,973	\$ -	\$ 1,034,255	\$ 52,215	\$ 11,926	\$ -	\$ 439,596	\$ 1,331,813	\$ 17,105,149	\$ 9,558,093	\$ 6,360,233	\$ 7,887	\$ 443,065	\$ 164,206	\$ -	\$ (9,715,406)	\$ 49,503,489	
Liabilities, Deferred Inflows of Resources and Net Position																															
Current Liabilities																															
312	Accounts Payable	\$ 71,337	\$ 19,657	\$ 35,227	\$ 32,332	\$ 6,362	\$ -	\$ 10,996	\$ 52,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,308	\$ 94,967	\$ 445,213	\$ 30,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 994,652	
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	759	-	-	-	-	-	-	-	759	
321	Accrued Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	562	-	-	-	-	-	-	-	562	
322	Accrued Compensated Absences - Current Portion	15,494	8,330	5,888	30,239	-	-	-	60,030	-	-	-	-	-	-	840	-	-	-	-	7,861	204,913	13,542	-	-	-	-	-	-	347,137	
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,746	-	17,126	-	-	-	-	-	-	78,872	
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	1,361	-	-	-	-	-	-	-	-	-	-	120,043	-	-	4,087	-	-	-	-	-	-	125,491	
341	Tenant Security Deposits	21,239	14,909	29,650	7,324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,775	-	48,149	-	-	-	-	-	-	199,046	
342	Unearned Revenue	10,922	8,343	14,643	6,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,806	-	35,308	-	468,245	-	-	-	-	596,292	
343	Current Portion - Long-Term Debt - Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265,193	383,812	102,746	-	-	-	-	-	-	751,751	
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-	643	-	-	-	-	-	-	-	-	-	88	2,742	1,388,078	-	-	-	-	-	-	1,391,551	
347	Inter Program Due To	-	-	-	-	-	7,305	7,599	-	158,317	-	79,508	543,953	32,690	-	1,130,690	55,462	11,928	371,807	691,176	666,981	5,112,651	837,452	7,887	-	-	-	(9,715,406)	-		
310	Total Current Liabilities	118,992	51,239	85,408	75,920	6,362	7,305	18,595	114,067	158,317	-	80,151	543,953	32,690																	

**HOUSING CONNECT**  
**HUD Financial Data Schedule - Statement of Revenues, Expenses, and Changes in Net Position by Program**  
**As of June 30, 2021**

FDS Line #	Description	AMP 1		AMP 2		AMP 3		AMP 4		AMP 5		ROSS Grant	ROSS FSS	Shelter Plus Care	Housing Choice Voucher	Mainstream Vouchers	Emergency Housing Vouchers	Home Investment Partnership	HOPWA	Criminal Justice	Housing Retention Program	Continuum of Care	Temporary Assistance for Needy Families	Prevention of Substance Abuse	CDBG	State Funds	Business Activities	Central Office & Maintenance		Component Units	Public Housing - CARES Act	HCV - CARES Act	Main stream - CARES Act	COCC - CARES Act	Eliminations	Combined Balance				
		High Rise	AMP 1	Valley Fair Village	AMP 2	East	AMP 3	West	AMP 4	Scattered	AMP 5																	Maintenance Capital	Non Capital											
70300	Net Tenant Rental Revenue	\$ 483,388	\$ -	\$ 272,067	\$ -	\$ 268,573	\$ -	\$ 136,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,898	\$ 1,908,002	\$ -	\$ -	\$ 1,171,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,319,049				
70400	Tenant Revenue - Other	9,635	-	5,145	-	7,584	-	1,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,613	62,785	-	-	12,986	-	-	-	-	-	-	100,783				
70500	Total Tenant Revenue	493,023	-	277,212	-	276,157	-	138,022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,511	1,970,787	-	-	1,184,120	-	-	-	-	-	-	4,419,832				
<b>HUD PHA OPERATING GRANTS</b>																																								
70600	HUD PHA Operating Grants	303,430	67,984	236,068	49,656	409,900	88,047	171,651	49,160	405,256	26,889	86,153	226,482	-	28,148,782	843,353	281,650	-	-	-	-	-	-	-	-	4,114,726	-	-	-	-	-	-	-	-	-	36,383,653				
70610	HUD Capital Grants	-	77,727	-	43,948	-	61,201	-	17,391	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	208,591			
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(965,005)			
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(47,520)				
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(295,066)				
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(226,394)				
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,160				
70600	HUD PHA Operating Grants	303,430	145,711	236,068	93,604	409,900	149,248	171,651	66,551	405,256	35,213	86,153	226,482	-	28,148,782	843,353	281,650	-	-	-	-	-	-	-	-	4,114,726	-	-	-	-	-	-	-	-	-	36,826,147				
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,490,223				
71100	Investment Income - Unrestricted	451	-	9	-	151	-	-	-	10,212	-	6,115	11,903	-	-	-	-	-	-	-	-	-	-	-	-	10,630	307,478	144,719	-	-	-	-	-	-	-	55,934				
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,379				
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93,047				
71500	Other Revenue	217,022	-	-	-	-	-	-	-	-	-	-	-	-	90,862	-	-	(353)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	801,326				
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	(62,908)	-	3,531,427	-	-	-	-	47,122	-	-	-	-	-	-	-	-	-	-	2,213	-	-	-	-	-	-	-	-	-	3,441,783				
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,332				
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
70000	Total Revenue	1,013,926	145,711	513,289	93,604	686,208	149,248	246,765	66,551	3,946,895	35,213	92,268	238,385	-	28,290,294	843,353	281,650	509,089	575,617	93,203	-	-	-	-	-	4,125,356	307,478	144,719	2,213	3,698,406	2,612,862	-	1,888,242	1,507,014	146,098	239,379	179,952	70,684	(1,604,669)	51,139,003
<b>EXPENSES</b>																																								
<b>ADMINISTRATIVE EXPENSES</b>																																								
91100	Administrative Salaries	88,278	-	73,390	-	73,706	-	80,115	-	44,184	-	2,162	-	-	657,246	37,123	2,828	1,819	32,239	-	-	-	-	-	-	265,302	167,155	95,200	-	400,114	363,026	-	982,938	279,645	21,095	148,348	5,940	10,874	-	3,832,727
91200	Auditing Fees	3,100	-	2,079	-	2,247	-	915	-	-	-	-	-	-	13,149	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,002	
91300	Management Fees	103,164	26,889	69,939	26,889	72,954	26,889	25,422	26,889	26,889	-	-	-	-	416,784	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	214	
91310	Bookkeeping Fees	13,088	-	8,873	-	9,255	-	2,160	-	-	-	-	-	-	260,490	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,035,689)	
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	187	
91500	Employee Benefit Contributions - Administrative	15,309	-	21,862	-	12,401	-	11,314	-	-	-	792	-	(8,130)	207,430	18,171	1,382	699	13,224	-	-	-	-	-	-	109,075	83,493	44,652	-	170,645	95,218	-	173,795	112,516	5,096	80,464	9,806	2,720	-	1,181,934
91600	Office Expenses	67,187	-	45,358	-	46,319	-	23,459	-	3,781	-	1,370	8,950	-	249,293	925	-	3,101	225	-	-	-	-	-	-	-	5,436	3,617	2,964	-	802,582	138,739	-	305,720	94,463	12,947	31,747	9,602	-	1,857,807
91700	Legal Expenses	545	-	955	-	(861)	-	24,284	-	-	-	-	-	-	17,261	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,526	13,538	-	-	-	-	150,005	
91800	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,125	
91900	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,122	
91000	Total Operating-Administrative	290,671	26,889	222,456	26,889	216,021	26,889	167,669	26,889	156,727	-	4,324	8,950	-	1,821,653	56,219	4,210	5,619	45,688	22	-	-	-	-	-	379,813	254,265	142,816	-	1,373,350	688,963	-	1,466,979	641,366	110,040	260,559	15,746	23,196	(1,330,755)	7,134,123
<b>TENANT SERVICES</b>																																								
92000	Asset Management Fee	17,880	-	12,000	-	12,960	-	2,880	-	1,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(47,520)
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	638,148
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	295,944	
92400	Tenant Services - Other	655	-	660	-	653	-	470	-	17	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,595	
92500	Total Tenant Services	18,535	-	12,660	-	13,613	-	3,350	-	1,817	-	-	-	-	86,748	226,568	-	-	-	-	-	-	-	-	-	-	254,646	-	-	-	-	-	-	-	-	-	-	-	-	(47,520)
<b>UTILITIES</b>																																								
93100	Water	16,460	-	19,407	-	53,437	-	18,084	-	5,887	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	221,187
93200	Electricity	83,388	-	9,847	-	13,628	-	4,314	-	6,610	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172,755
93300	Gas	39,502	-	1,157	-	3,835																																		

**HOUSING CONNECT**  
**HUD Financial Data Schedule - Statement of Net Position by Program – Blended Component Units**  
**As of June 30, 2021**

FDS Line #	Description	Affordable Housing Associates, Inc. (AHA)	Housing Opportunities, Inc. (HOI)	Housing Connect Fund	Frontier	Special Needs	Villa Charmant	Choice Property Solutions	Total Blended Presented Component Units
Assets and Deferred Outflows of Resources									
Current Assets									
111	Cash and Cash Equivalents-Unrestricted	\$ 16,078	\$ 7,385	\$ 196,175	\$ 74,130	\$ 34	\$ 192	\$ 43,012	\$ 337,006
113	Cash - Other Restricted	51,900	442,642	-	35,084	100,429	1,200,322	74	1,830,451
114	Cash - Tenant Security Deposits	1,867	14,950	-	-	-	-	-	16,817
100	Total Cash	69,845	464,977	196,175	109,214	100,463	1,200,514	43,086	2,184,274
124	Accounts Receivable - Other Government	-	-	-	5,336	-	22,743	-	28,079
126	Accounts Receivable - Tenants	-	103	-	506	5,351	14,592	-	20,552
126	Allowance for Doubtful Accounts-Tenants	-	(11)	-	(51)	(1,311)	(8,269)	-	(9,642)
120	Total Accounts Receivable	-	92	-	5,791	4,040	29,066	-	38,989
132	Investments - Restricted	-	18,521	-	-	-	-	-	18,521
142	Prepaid Expenses	-	-	-	1,840	2,388	8,952	-	13,180
144	Inter Program Due From	-	-	-	4,050	-	-	-	4,050
150	Total Current Assets	69,845	483,590	196,175	120,895	106,891	1,238,532	43,086	2,259,014
Capital Assets									
161	Land	125,000	214,614	-	90,000	105,000	371,768	-	906,382
162	Buildings	1,115,539	2,700,043	-	976,364	874,585	3,048,356	-	8,714,887
163	Furniture and Fixtures Dwelling	16,782	1,514	-	-	11,730	9,665	-	39,691
164	Furniture and Fixtures Admin	-	10,580	-	519	593	4,895	-	16,587
165	Leasehold Improvements	6,947	331,218	-	29,362	6,248	112,327	-	486,102
166	Accumulated Depreciation	(756,798)	(2,177,462)	-	(850,014)	(797,733)	(1,950,423)	-	(6,532,430)
160	Total Capital Assets Less Accumulated Depreciation	507,470	1,080,507	-	246,231	200,423	1,596,588	-	3,631,219
171	Notes, Loans and Mortgages Receivable-Non-Current	-	470,000	-	-	-	-	-	470,000
174	Other Assets	-	-	-	-	-	-	-	-
180	Total Assets	577,315	2,034,097	196,175	367,126	307,314	2,835,120	43,086	6,360,233
200	Deferred Outflow of Resources	-	-	-	-	-	-	-	-
190	Total Assets and Deferred Outflows of Resources	\$ 577,315	\$ 2,034,097	\$ 196,175	\$ 367,126	\$ 307,314	\$ 2,835,120	\$ 43,086	\$ 6,360,233
Liabilities, Deferred Inflows of Resources and Net Position									
Current Liabilities									
312	Accounts Payable	\$ 1,160	\$ 3,035	\$ 5,335	\$ 2,103	\$ 2,134	\$ 16,810	\$ -	\$ 30,577
313	Accounts Payable > 90 Days Past Due	-	-	-	-	759	-	-	759
321	Accrued Wages	-	-	-	88	89	385	-	562
322	Accrued Compensated Absences - Current Portion	995	6,353	-	1,020	972	4,202	-	13,542
325	Accrued Interest Payable	-	-	-	-	-	17,126	-	17,126
333	Accounts Payable - Other Government	4,087	-	-	-	-	-	-	4,087
341	Tenant Security Deposits	1,867	14,950	-	4,800	7,100	19,432	-	48,149
342	Unearned Revenue	845	15,788	6,271	2,832	3,186	6,386	-	35,308
343	Current Portion - Long-Term Debt - Capital Projects	-	-	-	-	15,746	87,000	-	102,746
347	Inter Program Due To	26,056	151,044	189,791	-	19,776	369,576	81,209	837,452
310	Total Current Liabilities	35,010	191,170	201,397	10,843	49,762	520,917	81,209	1,090,308
Long-Term Liabilities									
351	Long-term Debt, Net of Current - Capital Projects/Mor	1,133,983	348,485	-	398,650	79,667	2,381,000	-	4,341,785
354	Accrued Compensated Absences - Noncurrent	63	405	-	-	-	-	-	468
350	Total Non-Current Liabilities	1,134,046	348,890	-	398,650	79,667	2,381,000	-	4,342,253
300	Total Liabilities	1,169,056	540,060	201,397	409,493	129,429	2,901,917	81,209	5,432,561
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-
Net Position									
508	Net Invested in Capital Assets	(626,513)	732,022	-	(152,419)	105,010	(871,412)	-	(813,312)
512	Restricted Net Position	51,900	442,642	-	30,284	93,329	1,180,890	74	1,799,119
512	Unrestricted Net Position	(17,128)	319,373	(5,222)	79,768	(20,454)	(376,275)	(38,197)	(58,135)
513	Total Net Position	(591,741)	1,494,037	(5,222)	(42,367)	177,885	(66,797)	(38,123)	927,672
Total Liabilities, Deferred Inflows of Resources and									
600	Net Position	\$ 577,315	\$ 2,034,097	\$ 196,175	\$ 367,126	\$ 307,314	\$ 2,835,120	\$ 43,086	\$ 6,360,233

**HOUSING CONNECT**  
**HUD Financial Data Schedule - Statement of Revenues, Expenses, and Changes in Net Position by Program – Blended Component Units**  
**As of June 30, 2021**

FDS Line #	Description	Affordable Housing						Choice Property Solutions	Total Blended Presented Component Units
		Associates, Inc. (AHA)	Opportunities, Inc. (HOI)	Housing Connect Fund	Frontier	Special Needs	Villa Charmant		
<b>REVENUE</b>									
<b>TENANT REVENUE</b>									
70300	Net Tenant Rental Revenue	\$ 25,624	\$ 445,444	\$ -	\$ 91,192	\$ 125,826	\$ 483,048	\$ -	1,171,134
70400	Tenant Revenue - Other	-	151	-	2,396	495	9,944	-	12,986
70500	Total Tenant Revenue	25,624	445,595	-	93,588	126,321	492,992	-	1,184,120
<b>HUD PHA OPERATING GRANTS</b>									
70600	HUD PHA Operating Grants	69,092	-	-	-	-	-	-	69,092
70710	Management Fee	-	(157,839)	-	-	-	-	104,269	(53,570)
70600	HUD PHA Operating Grants	69,092	(157,839)	-	-	-	-	104,269	15,522
70800	Other Government Grants	1,486	4,679	177,378	2,324	3,569	10,101	-	199,537
71100	Investment Income - Unrestricted	5	3	-	5	14	-	4	31
71400	Fraud Recovery	-	2,498	-	-	-	-	-	2,498
71500	Other Revenue	-	80,747	21,037	903	-	63	-	102,750
72000	Investment Income - Restricted	-	46	-	-	-	2,510	-	2,556
70000	Total Revenue	96,207	375,729	198,415	96,820	129,904	505,666	104,273	1,507,014
<b>EXPENSES</b>									
<b>ADMINISTRATIVE EXPENSES</b>									
91100	Administrative Salaries	10,198	41,541	32,977	14,398	18,898	59,745	101,888	279,645
91200	Auditing Fees	3,600	3,600	-	3,600	3,600	3,600	-	18,000
91300	Management Fees	5,856	22,272	-	4,560	2,519	19,372	-	54,579
91310	Bookkeeping Fees	1,200	-	-	-	-	-	-	1,200
91400	Advertising and Marketing	-	-	101	8	12	33	33	187
91500	Employee Benefit Contributions - Administrative	4,488	14,953	11,644	7,206	7,492	28,672	38,061	112,516
91600	Office Expenses	1,078	10,671	50,028	3,641	4,775	18,443	5,827	94,463
91700	Legal Expenses	-	-	10,493	-	596	2,449	-	13,538
91800	Travel	-	-	6,064	9	10	33	3,000	9,116
91900	Other	-	-	58,122	-	-	-	-	58,122
91000	Total Operating-Administrative	26,420	93,037	169,429	33,422	37,902	132,347	148,809	641,366
<b>TENANT SERVICES</b>									
92400	Tenant Services - Other	103	14	34,208	-	194	-	-	34,519
92500	Total Tenant Services	103	14	34,208	-	194	-	-	34,519
<b>UTILITIES</b>									
93100	Water	4,204	12,889	-	2,132	1,920	9,905	-	31,050
93200	Electricity	1,199	422	-	8,776	6,780	4,909	-	22,086
93300	Gas	557	325	-	2,076	5,064	2,451	-	10,473
93600	Sewer	3,869	8,928	-	1,428	2,060	11,016	-	27,301
93000	Total Utilities	9,829	22,564	-	14,412	15,824	28,281	-	90,910
<b>ORDINARY MAINTENANCE AND OPERATIONS</b>									
94100	Ordinary Maintenance and Operations - Labor	5,162	7,305	-	5,249	7,171	22,467	-	47,354
94200	Ordinary Maintenance and Operations - Materia	1,856	7,804	-	2,135	4,980	22,255	-	39,030
94300	Ordinary Maintenance and Operations Contracts	8,133	63,133	-	13,849	21,025	54,119	-	160,259
94500	Employee Benefit Contributions - Ordinary Main	2,143	4,436	-	2,770	1,827	13,172	-	24,348
94000	Total Maintenance	17,294	82,678	-	24,003	35,003	112,013	-	270,991
95200	Protective Services - Other Contract Costs	264	-	-	224	15,017	-	-	15,505
<b>INSURANCE</b>									
96110	Property Insurance	2,462	10,735	-	2,057	3,766	11,528	-	30,548
96120	Liability Insurance	617	4,564	-	452	855	2,573	2,979	12,040
96130	Workmen's Compensation	509	1,286	-	355	356	1,477	-	3,983
96140	All Other Insurance	-	140	-	48	122	145	-	455
96100	Total Insurance	3,588	16,725	-	2,912	5,099	15,723	2,979	47,026
<b>GENERAL EXPENSES</b>									
96300	Payment in Lieu of Taxes	8,744	-	-	-	4,637	-	-	13,381
96400	Bad Debt- Tenant Rents	-	(1,142)	-	2,194	1,103	16,338	-	18,493
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	3,198	81,802	-	85,000
96900	Total Operating Expenses	66,242	213,876	203,637	77,167	117,977	386,504	151,788	1,217,191
97000	Excess Revenue Over Operating Expenses	29,965	161,853	(5,222)	19,653	11,927	119,162	(47,515)	289,823
<b>OTHER EXPENSES</b>									
97400	Depreciation Expense	41,318	169,097	-	21,210	23,656	120,255	-	375,536
90000	Total Expenses	107,560	382,973	203,637	98,377	141,633	506,759	151,788	1,592,727
10080	Special Items (Net Gain/Loss)	-	-	-	9,639	(7,248)	(44,778)	-	(42,387)
10000	Excess of Total Revenue over Total Expenses	(11,353)	(7,244)	(5,222)	8,082	(18,977)	(45,871)	(47,515)	(128,100)
11030	Beginning Equity	(580,388)	1,501,281	-	-	-	-	-	920,893
11040	Prior Period Adjustments, Equity Transfers and (	-	-	-	(50,449)	196,862	(20,926)	9,392	134,879
	Equity at Year End	\$ (591,741)	\$ 1,494,037	\$ (5,222)	\$ (42,367)	\$ 177,885	\$ (66,797)	\$ (38,123)	927,672



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### **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 Connect  
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 Housing Connect (Housing Connect), which comprise the Combined Statements Net Position as of June 30, 2021, and the related Combined Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Housing Connect'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 Housing Connect's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Connect'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 Housing Connect'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  
December 12, 2021



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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 Connect  
Salt Lake City, Utah

#### **Report on Compliance for Each Major Federal Program**

We have audited Housing Connect's (Housing Connect) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Connect's major federal programs for the year ended June 30, 2021. Housing Connect'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 Housing Connect'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 Housing Connect'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 Housing Connect's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, except for the finding reported as 2021-01, Housing Connect 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, 2021.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is reported in Finding 2021-0, in accordance with OMB Compliance Supplement.

## **Report on Internal Control Over Compliance**

Management of Housing Connect 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 Housing Connect'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 Housing Connect'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 identified one deficiency in internal control over compliance that we consider to be a significant deficiency reported in finding 2021-01. However, additional 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  
December 12, 2021

**HOUSING AUTHORITY OF THE  
COUNTY OF SALT LAKE  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

<b>Federal Agency / Program Grant Title</b>	<b>CFDA Number</b>	<b>Current Year Expenditures</b>
Department of Housing and Urban Development (HUD):		
Supportive Housing for Persons with Disabilities - (Blended Component Unit)		
Rental Assistance	14.181	\$ 75,309
Deferred Loan	14.181	619,500
Home Investment Partnership	14.239	390,076
Housing Opportunities for Persons With Aids (HOPWA) - Passed through the Department of Workforce Services)	14.241	504,487
Continuum of Care	14.267	3,636,500
Low Rent Public Housing	14.850	1,641,604
Public Housing Capital Fund	14.872	264,988
Housing Choice Vouchers	14.871	23,804,160
Mainstream Vouchers	14.879	315,844
ROSS	14.870	84,758
ROSS - Family Self Sufficiency	14.896	198,475
Department of Health and Human Services		
Temporary Assistance for Needy Families - Passed through the Department of Workforce Services	93.558	338,718
Block Grants for Prevention and Treatment of Substance Abuse	93.959	143,358
Department of Justice		
Byrne Formula Grant Program	16.579	90,383
Total Expenditures of Federal Awards		<u>\$ 32,108,160</u>

**HOUSING AUTHORITY OF THE  
COUNTY OF SALT LAKE  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

**NOTE 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Housing Connect 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 Housing Connect, it is not intended to, and does not present the financial position, changes in Net Position or cash flows of Housing Connect. Housing Connect reporting entity is defined in Note 1 to Housing Connect'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 Housing Connect'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**

<b>Grant Number</b>	<b>CFDA Number</b>	<b>Total Grant</b>	<b>Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Remaining Grant</b>
UT06900350118	14.872	1,205,110	1,140,840	49,465	14,805
UT06900350119	14.872	1,273,189	33,540	1,199,093	40,556
UT06900350120	14.872	1,346,340	-	52,968	1,293,372
UT06900350121	14.872	1,192,129	-	-	1,192,129
Total		\$ 5,016,768	\$ 1,174,380	\$ 1,301,526	\$ 2,540,862

**HOUSING AUTHORITY OF THE  
COUNTY OF SALT LAKE  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2021**

*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: modified

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>
14.871	Housing Choice Voucher Fund

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, 2021**

**Internal Control Over Financial Reporting**

There were no findings to report for the year ended June 30, 2021.

**Compliance**

2021-001 Internal Controls Over Tenant Eligibility and Income Calculation

<b>Criteria</b>	Processes and documentation for determining Section-8 tenant eligibility and adjusted rent should be consistent and in line with company and HUD guidelines. Management is responsible for establishing and maintain internal controls over compliance.
<b>Condition</b>	HUD did not require the annual SEMAP – (Section-8 Management Assessment Program) reporting requirement. Housing Connect did not perform the SEMAP nor any other internal review of Section-8 tenant files and calculations.
<b>Context</b>	Of the 30 tenant files reviewed several were missing documentation for a timely inspection, ID, rent reasonableness and background checks
<b>Cause</b>	Housing Connect had a long time manager of the Section-8 program retire combined with SEMAP reporting being suspended by HUD and the overall COVID-19 conditions disrupting normal operations.
<b>Effect</b>	Housing Connect did not have sufficient documentation in tenant files to support timely physical inspections, income calculations and background checks in all of the tenant files.
<b>Recommendations</b>	Management should develop an internal control process separate from or in conjunction with SEMAP to review tenant files and documentation contained therein for all employees to determine if the program requirements and internal processes are being followed.
<b>Response to Finding</b>	Housing Connect agrees with the audit finding and will follow the recommendation as follows. An internal control process separate from the SEMAP process to review tenant files and documentation that they contain has been established to determine if Housing Choice Voucher requirements and internal processes are being followed.

**HOUSING AUTHORITY OF THE  
COUNTY OF SALT LAKE  
Schedule of Findings and Questioned Costs-Prior Year  
June 30, 2020**

**Internal Control Over Financial Reporting**

There were no findings to report for the year ended **June 30, 2020**.

**Compliance**

There were no findings to report for the year ended **June 30, 2020**.



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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 Connect  
Salt Lake City, Utah

#### ***REPORT ON COMPLIANCE***

We have audited Housing Connect's (Housing Connect) 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, 2021.

The general compliance requirements applicable to Housing Connect 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

Housing Connect did not receive any major State grants during the year ended June 30, 2021.

#### ***Management's Responsibility***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on Housing Connect'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 Housing Connect and its major programs occurred. An audit includes examining, on a test basis, evidence about Housing Connect'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 Housing Connect's compliance with those requirements.

#### ***Opinion***

In our opinion, Housing Connect complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2021.

## ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of Housing Connect 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 Housing Connect'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 Housing Connect'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 Housing Connect'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  
December 12, 2021