

COSTILLA COUNTY HOUSING AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Costilla County Housing Authority

We have audited the accompanying financial statements of the business-type activities of Costilla County Housing Authority as of and for the year ended September 30, 2021, which collectively comprise the Authority's basic financial statements as listed in the table of contents and the 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 of 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Costilla County Housing Authority as of September 30, 2021, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other-Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of the Net Pension Liability – PERA, Schedule of Pension Contributions – PERA, Schedule of the Authority's Proportionate Share of the OPEB Liability - PERA and Schedule of OPEB Contributions - PERA, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Costilla County Housing Authority's financial statements as a whole. The combining program schedules, financial data schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining program financial statements, schedule of expenditures of Federal awards, and the financial data schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate 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 January 6, 2022 on our consideration of the Costilla County Housing Authority'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 Costilla County Housing Authority's internal control over financial reporting and compliance.



Longmont, CO
January 6, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis

As management of the Costilla County Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2021.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,221,116.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statement. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported when an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

The statement of cash flows presents information showing the sources and uses of cash during the year. It consists of changes related to operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Authority has one proprietary fund, an Enterprise Fund. The Authority uses an Enterprise Fund to account for its low-income affordable housing activities. Note 1 to the financial statements provides additional information on Authority's funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found beginning on page 9.

Other Information

In addition to the basic financial statements notes and the accompanying notes, this report also includes supplementary information concerning the Authority's federal award expenditures.

Financial Analysis

As noted, Net Position may, over time serve as a useful indicator of the Authority's financial position. The largest portion of the Authority's Net Position (43 percent) reflects its investment in capital assets (e.g. land improvements, building, and equipment), less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide affordable low rent housing to its tenants and are not available for future spending.

	2021	2020	Change
ASSETS			
Cash and cash equivalents	\$ 1,043,331	\$ 870,488	\$ 172,843
Current and other assets	42,374	25,124	17,250
Capital assets	1,797,639	1,829,031	(31,392)
Total Assets	<u>2,883,344</u>	<u>2,724,643</u>	<u>158,701</u>
Deferred Outflows of Resources	<u>54,442</u>	<u>29,586</u>	<u>24,856</u>
LIABILITIES			
Current liabilities	93,780	89,881	3,899
Long term liabilities	1,495,450	1,569,617	(74,167)
Total liabilities	<u>1,589,230</u>	<u>1,659,498</u>	<u>(70,268)</u>
Deferred Inflows of Resources	<u>127,440</u>	<u>66,946</u>	<u>60,494</u>
NET POSITION			
Net investment in capital assets	400,084	403,196	(3,112)
Restricted	214,531	201,116	13,415
Unrestricted	606,501	423,473	183,028
Total Net Position	<u>\$ 1,221,116</u>	<u>\$ 1,027,785</u>	<u>\$ 193,331</u>

As of the current fiscal year, as well as in the previous fiscal year, the Authority is able to report a positive balance in the Net Position. Capital assets have decreased over the prior year. This is due to improvements added during year 2021 in an amount less than the depreciation incurred during 2021. Current assets have increased due to an increase in cash as a result of operations. Current liabilities have increased due to the normal timing of payments. Long Term liabilities have decreased due to changes in the net pension liability and the payment of principal on long term debt. The net position increased due to revenues exceeding expenses for the year.

	2021	2020	Increase (Decrease)
Revenue:			
Operating Revenue			
Charges for Services	\$ 268,025	\$ 277,389	\$ (9,364)
Grants and Contribution	667,600	514,400	153,200
Other Income	637	955	(318)
Total Revenue	<u>936,262</u>	<u>792,744</u>	<u>143,518</u>
Expenses:			
Operating Expenses	727,685	718,994	8,691
Non Operating Expenses	15,246	18,250	(3,004)
Total Expenses	<u>742,931</u>	<u>737,244</u>	<u>5,687</u>
Change in Net Position	193,331	55,500	137,831
Net Position-Beginning	1,027,785	972,285	55,500
Net Position-Ending	<u>\$ 1,221,116</u>	<u>\$ 1,027,785</u>	<u>\$ 193,331</u>

The revenue is increased in 2021, from the prior year due to an increase in grants and capital contributions which was offset by a decrease in rental income. The expenses are increased due

to increase in general and administration, and maintenance and operation expenses and pension related expenses.

Condensed Statement of Cash Flows is presented in the following table:

	<u>2021</u>	<u>2020</u>
Cash from (for) Operating Activities	\$ (323,398)	\$ (294,481)
Cash from Non Capital Financing Activities	593,745	510,445
Cash from (for) Capital and Related Financing Activities	(98,141)	(92,501)
Cash from (for) Investing Activities	637	955
Increase (Decrease)	<u>172,843</u>	<u>124,418</u>
Cash and Cash Equivalents, Beginning of Year	870,488	746,070
Cash and Cash Equivalents, End of Year	<u>\$ 1,043,331</u>	<u>\$ 870,488</u>

Capital Assets

The Authority's investment in capital assets as of September 30, 2021, amounts to \$1,797,639 (net of accumulated depreciation). This investment in capital assets included Land Improvements, Building and Equipment. The Authority's capital expenditures were \$125,475 during fiscal year 2021. Additional information on the Authority's capital assets can be found in note 3 to the financial statements.

Long Term Debt

At the end of the year, the Authority had outstanding long-term debt of \$1,397,555. The Authority paid \$28,280 towards principal during the year. There was no additional long-term debt incurred during the year. Additional information on the Authority's Long-Term Debt can be found in note 4 of the financial statements.

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. Due to changing market conditions there have been fluctuations in vacancy rates.

Request for Information

This financial report is designed to provide an overview of the Costilla County Housing Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to:

Costilla County Housing Authority
915 Pedro St. P.O. Box 629
San Luis, CO 81152

BASIC FINANCIAL STATEMENTS

**COSTILLA COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 785,364
Other Receivables	25,901
Tenants Receivable (net of bad debt allowance)	2,757
Prepaid Expenses	10,327
Inventory	3,389
Cash Security Deposit - Restricted	43,436
Restricted Cash - Replacement Reserves	214,531
Total Current Assets	1,085,705
Non Current Assets	
Capital Assets	
Land	114,391
Building and Improvements	6,559,314
Equipment	226,964
Less Accumulated Depreciation	(5,103,030)
Total Capital Assets Net of Depreciation	1,797,639
Total Noncurrent Assets	1,797,639
TOTAL ASSETS	2,883,344

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pensions	52,904
Deferred Outflows - OPEB	1,538
Total Deferred Outflows of Resources	54,442

LIABILITIES

Current Liabilities	
Accounts Payable	16,493
Other Accrued Liabilities	1,674
Tenant Security Deposits	43,436
Accrued Interest Payable	1,169
Current Portion of Long Term Debt	31,008
Total Current Liabilities	93,780
Noncurrent Liabilities:	
Notes and Mortgage Payable	1,366,547
Net Pension Liability	113,154
Net OPEB Liability	15,749
Total Noncurrent Liabilities	1,495,450
TOTAL LIABILITIES	1,589,230

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows- Pensions	122,369
Deferred Inflows - OPEB	5,071
Total Deferred Inflows of Resources	127,440

NET POSITION

Net Investment in Capital Assets	400,084
Restricted for Capital Improvements	214,531
Unrestricted	606,501
TOTAL NET POSITION	\$ 1,221,116

See the accompanying Independent Auditors' Report

COSTILLA COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUES:	
Dwelling Rental	\$ 232,000
Other Income	36,025
TOTAL OPERATING REVENUES	<u>268,025</u>
OPERATING EXPENSES:	
General and Administrative	277,859
Utilities	92,744
Maintenance and Operation	200,215
Depreciation	156,867
TOTAL OPERATING EXPENSES	<u>727,685</u>
OPERATING (LOSS)	<u>(459,660)</u>
NON OPERATING REVENUES (EXPENSES):	
Governmental Grants	596,522
Interest Expense	(15,246)
Interest Income	637
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>581,913</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	122,253
Capital Contributions	71,078
CHANGE IN NET POSITION	<u>193,331</u>
NET POSITION - BEGINNING	1,027,785
NET POSITION - ENDING	<u><u>\$ 1,221,116</u></u>

See the accompanying Independent Auditors' Report

**COSTILLA COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Cash Flows From Operating Activities:	
Cash Received from Tenants	\$ 240,730
Cash Paid to Suppliers	(422,958)
Cash Paid to Employees	(141,170)
Net Cash (Used) by Operating Activities	<u>(323,398)</u>
Cash Flows From Noncapital Financing Activities:	
Government Grants	593,745
Net Cash Provided by Non-Capital Financing Activities	<u>593,745</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of Property, Plant and Equipment	(125,475)
HUD Capital Grant	71,078
Repayment of Notes and Mortgage	(28,280)
Interest on Notes and Mortgage	(15,464)
Net Cash (Used) by Capital and Related Financing Activities	<u>(98,141)</u>
Cash Flows from Investing Activities:	
Interest Income	637
Net Cash Provided by the Investing Activities	<u>637</u>
Net Increase (Decrease) in Cash and Cash Equivalents	172,843
Cash and Cash Equivalents, Beginning	<u>870,488</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,043,331</u>
Detail of cash and cash equivalents:	
Cash	785,364
Cash -security deposit	43,436
Cash- restricted	214,531
Total cash and cash equivalents	<u>\$ 1,043,331</u>
Reconciliation of Operating Income to Net	
Cash Used for Operating Activities:	
Operating Loss	\$ (459,660)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation	156,867
Pension and OPEB related changes	(7,521)
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	(1,009)
Prepaid Expenses	(10,075)
Inventory	(3,389)
Accounts Payable	(1,775)
Security Deposit	2,000
Other Accrued Liabilities	1,164
Net Cash (Used) by Operating Activities	<u>\$ (323,398)</u>

See the accompanying Independent Auditors' Report

Costilla County Housing Authority
Notes to Financial Statements
September 30, 2021

Note 1 Summary of Significant Accounting Policies

The Costilla County Housing Authority (the Authority) was established in November 1971. The Authority is managed by a Board of Commissioners. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). The significant accounting policies of the Authority are described below.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the Authority's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity" as amended by GASB No. 39. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, no entities will be included in the Authority's reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Enterprise fund accounting is utilized by the Authority in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to tenants for rent. Operating expenses include the cost of providing low-income housing, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority applies GASB pronouncements in the financial statements, which is the authoritative body. The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

It requires the classification of net position into three components: Net investment in capital assets; restricted; and unrestricted. When both restricted and unrestricted assets are available to be used it is the Authority's policy to utilize restricted assets first.

Proprietary Fund – The Authority's operations are accounted for in a single enterprise fund. Enterprise Funds account for those operations financed and operated in a manner similar to private business or where the Authority has decided that determination of revenues earned, costs incurred, and net income is necessary for management accountability. The Authority has the following programs within the Enterprise Fund.

Low Rent- accounts for the activities associated with Aspen Apartment and houses located in San Luis and Fort Garland.

Rural Development - accounts for the activities associated with Senior and Family Housing.

Management – To account for the management fees charged to other programs and other administrative expenses shared amongst other programs.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory – inventory is reported at the lower of cost or market.

Capital assets - assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The estimated useful lives are 20-50 years for buildings, 10-20 years for improvements and 5-20 years for equipment.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Authority considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results may differ from the estimates.

Compensated Absences

The Authority implemented a paid time off program (PTO); therefore, no accrual has been made for compensated absences as the PTO expires at September 30 each year.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 1 Summary of Significant Accounting Policies (Continued)
Budgets and Budgetary Accounting (Continued)

The Authority adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- State law requires budgets for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to September 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Authority Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Authority Board or revised by the Authority Board.

Short-Term Inter-program Receivables/Payables and Transfers

During the course of operations, transactions may occur between individual programs for the goods provided or services rendered. These receivables and payables are classified as due from other programs or due to other programs on the combining balance sheet and have been eliminated in the government wide statement of net position. The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The composition of inter program balances as of September 30, 2021, is as follows:

<u>Due From Other Programs</u>		<u>Due (to) Other Programs</u>				<u>Total</u>
		<u>Low Rent</u>	<u>Rural Development Family</u>	<u>Rural Development Senior</u>	<u>Management</u>	
Program						
Low Rent	\$ -	\$ (15,809)	\$ (15,417)	\$ (27,577)	\$ (58,803)	
Rural Development - Family	15,809	-	2,900	1,280	19,989	
Rural Development - Senior	15,417	(2,900)	-	1,536	14,053	
Management	27,577	(1,280)	(1,536)	-	24,761	
Total	<u>\$ 58,803</u>	<u>\$ (19,989)</u>	<u>\$ (14,053)</u>	<u>\$ (24,761)</u>	<u>\$ -</u>	

Fund Balance deficit

The Authority has a deficit in the fund balance for the Rural Development programs. This is a result of depreciation that is recorded on a basis that is shorter than the amortization of the associated mortgages. The Authority also has a deficit balance in the management program due to expenses that have exceeded revenues.

Note 2 Cash and Investments

Restricted Assets

Cash set aside for capital improvements and security deposits are classified as restricted assets on the balance sheet because their use is limited by applicable loan covenants and legislation.

Cash Deposits

As of September 30, 2021, the Authority's cash deposits had a carrying balance of \$1,043,331 and corresponding bank balance of \$1,067,287, of which \$393,853 was FDIC insured. At September 30, 2021, the Authority had cash of \$214,531 restricted for capital improvements and \$43,436 restricted for security deposits.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 2 Cash and Investments (Continued)

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Authority had \$673,434 collateralized under PDPA at December 31, 2021, accordingly the Authority was not exposed to credit risk.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of September 30, 2021, none of the Authority's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

The Authority has not adopted a formal investment policy.

Note 3 Inventory

The Authority maintains inventory of spare parts to be used in the maintenance of the facilities. The inventory is valued at the lower of cost or market. Annually the Authority evaluates the obsolescence of the inventory. Based on this evaluation, management has determined the inventory is not impaired, accordingly, no obsolescence for inventory has been recorded.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 4 Capital Assets

The following is a summary of fixed assets at September 30, 2021:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable				
Land	\$ 114,391	\$ -	\$ -	\$ 114,391
Total non-depreciable	<u>114,391</u>	<u>-</u>	<u>-</u>	<u>114,391</u>
Capital assets, being depreciated:				
Buildings and improvements	6,484,237	75,077	-	6,559,314
Equipment	176,566	50,398	-	226,964
Total capital assets being depreciated	<u>6,660,803</u>	<u>125,475</u>	<u>-</u>	<u>6,786,278</u>
Total Capital Assets	6,775,194	125,475	-	6,900,669
Less accumulated depreciation	<u>(4,946,163)</u>	<u>(156,867)</u>	<u>-</u>	<u>(5,103,030)</u>
Net Capital Assets	<u>\$ 1,829,031</u>	<u>\$ (31,392)</u>	<u>\$ -</u>	<u>\$ 1,797,639</u>

Note 5 Long term Debt

On May 1, 1989 the Authority obtained a loan from United State Department of Agriculture Rural Development (USDA) totaling \$756,936. The loan proceeds were used to build Willow Grove-Cottonwood-Gilbert Manor apartments (Family Units) consisting 20 apartments for low-income family. The loan carries 9.5 percent interest rate and payable in monthly installment over 50 years. USDA subsidized the interest and the subsidized interest rate on the loan is 1 percent. The monthly payment on the loan is \$1,620 which includes interest and principal. The loan principal is amortized using 9.5 percent rate of interest. The requirements to amortize the loan outstanding as of September 30, 2021 are as follows:

Year	Principal	Interest	Total
2022	15,179	57,411	72,590
2023	16,686	55,904	72,590
2024	18,342	54,248	72,590
2025	20,162	52,428	72,590
2026	22,163	50,427	72,590
2027-2031	148,515	214,435	362,950
2032-2036	238,368	124,582	362,950
2037-2038	131,740	13,431	145,171
Total	<u>\$ 611,155</u>	<u>\$ 622,866</u>	<u>\$ 1,234,021</u>

On November 1, 1991 the Authority obtained a loan from United State Department of Agriculture Rural Development (USDA) totaling \$943,500. The loan proceeds were used to build Sangre de Cristo (Senior Units) consisting 24 apartments for low-income seniors. The loan carries 9.00 percent interest rate and payable in monthly installment over 50 years. USDA subsidized the interest and the subsidized interest rate on the loan is 1 percent. The monthly payment on the loan is \$2,025 which includes interest and principal. The loan principal is amortized using 9.0 percent rate of interest. The requirements to amortize the loan as of September 30, 2021 are as follows:

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 5 Long term Debt (Continued)

Year	Principal	Interest	Total
2022	15,829	70,133	85,962
2023	17,313	68,649	85,962
2024	18,938	67,024	85,962
2025	20,714	65,248	85,962
2026	22,657	63,305	85,962
2027-2031	149,446	280,364	429,810
2032-2036	233,984	195,826	429,810
2037-2041	307,519	64,992	372,511
Total	<u>\$ 786,400</u>	<u>\$ 875,541</u>	<u>1,661,941</u>

Changes in Long-term Debt during 2021 were as follows:

	Balance 9/30/2020	Additions	Reductions	Balance 9/30/2021	Amounts Due Within One Year
1989 USDA Note	\$ 624,965	\$ -	\$ 13,810	\$ 611,155	\$ 15,179
1991 USDA Note	800,870	-	14,470	786,400	15,829
Total Long-term Debt	<u>\$ 1,425,835</u>	<u>\$ -</u>	<u>\$ 28,280</u>	<u>\$ 1,397,555</u>	<u>\$ 31,008</u>

Note 6 Tenant Receivable

Following is detail of Tenant Receivable

	Low Rent	Senior Rural Development	Family Rural Development	Total
Tenant Receivable	\$ 4,949	\$ 2	\$ 223	\$ 5,174
Bad Debt Allowance	(2,384)	-	(33)	(2,417)
Net Receivable	<u>\$ 2,565</u>	<u>\$ 2</u>	<u>\$ 190</u>	<u>\$ 2,757</u>

**Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (OPEB)
Summary of Significant Accounting Policies**

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of September 30, 2021 Eligible employees and the Costilla County Housing Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31,	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31,
Employee contribution (all employees other than State	8.00%	8.50%	8.50%	8.50%
State Troopers	10.75%	12.00%	12.00%	12.50%

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

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

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.00%	10.50%	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the	8.98%	9.48%	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S.	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in	N/A	N/A	0.02%	0.02%
Total employer contribution rate to the LGDTF	12.68%	13.18%	13.20%	13.20%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Costilla County Housing Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Costilla County Housing Authority were \$21,383 for the year September 30, 2021.

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

At September 30, 2021 the Costilla County Housing Authority reported a liability of \$113,154 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Costilla County Housing Authority proportion of the net pension liability was based on Costilla County Housing Authority contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Costilla County Housing Authority proportion was .0217132487 percent, which was an increase of .0006614457 from its proportion measured as of December 31, 2019.

For the year ended September 30, 2021, the Costilla County Housing Authority recognized pension expense of \$(6,146). At September 30, 2021, the Costilla County Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of	Deferred Inflows of
Difference between expected and	\$5,471	\$0
Changes of assumptions or other inputs	27,345	0
Net difference between projected and actual earnings on pension plan	0	122,369
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,615	0
Contributions subsequent to the	15,473	N/A
Total	\$52,904	\$122,369

\$15,473 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended March 31, 2022. 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 March 31,	
2022	\$(10,140)
2023	(14,007)
2024	(41,481)
2025	(19,310)
2026	0
Thereafter	\$0

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	

Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Based on the 2020 experience analysis, dated October	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers ¹	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ²	Financed by the AIR

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the LGDTF, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

² Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019. The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net pension	\$260,661	\$113,154	\$(9,996)

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

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)
Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Costilla County Housing Authority has agreed to match employee contributions up to XX percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended September 30, 2021 program members contributed \$0 and Costilla County Housing Authority recognized pension expense and a liability of \$0 and \$0, respectively, for the Voluntary Investment Program.

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the LGDTF that were hired on or after January 1, 2019 which were eligible to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the LGDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue

Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA’s Annual Report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and Costilla County Housing Authority are required to contribute a percentage of the participating employees’ PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period are summarized in the tables below:

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

	January 1, 2020 Through	July 1, 2020 Through December 31,	January 1, 2021 Through	July 1, 2021 Through December 31,
Employee Contribution				
Employee contribution (all employees other than State Troopers)	8.00%	8.50%	8.50%	8.50%
State Troopers	10.75%	12.00%	12.00%	12.50%
Employer Contribution Rates:				
On behalf of all employees other	10.00%	10.00%	10.00%	10.00%
State Troopers	12.85%	12.85%	12.85%	12.85%

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Costilla County Housing Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado

State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans,

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure

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

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

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

At September 30, 2021 the Costilla County Housing Authority reported a liability of \$15,749 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Costilla County Housing Authority proportion of the net OPEB liability was based on Costilla County Housing Authority contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Costilla County Housing Authority proportion was .0016573813 percent, which was an increase of .0000478803 percent from its proportion measured as of December 31, 2019.

For the year ended September 30, 2021, the Costilla County Housing Authority recognized OPEB expense of (\$1,375). At September 30, 2021, the Costilla County Housing Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Difference between expected and actual	\$42	\$3,462
Changes of assumptions or other inputs	118	966
Net difference between projected and actual earnings on OPEB plan investments	0	643
Changes in proportion and differences between contributions recognized and proportionate share of contributions	133	0
Contributions subsequent to the	1,245	N/A
Total	\$1,538	\$5,071

\$1,245 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended March 31, 2022 Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Year ended March 31,	
2022	(1,260)
2023	(1,170)
2024	(1,125)
2025	(903)
2026	(304)
Thereafter	(16)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Medicare Plan	Initial Costs for Members without Medicare Part A		Monthly Cost Adjusted to 2021
	Monthly Cost	Monthly Premium	
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-	3.40%-	3.20%-	2.80%-5.30%
State Troopers	3.20%-	N/A	3.20%-	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

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

**Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021**

Note 7 Defined Benefit Pension Plan and OPEB (Continued)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$32,982	\$33,857	\$34,876

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net OPEB	\$15,342	\$15,749	\$16,223

Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

Costilla County Housing Authority
Notes to Financial Statements (Continued)
September 30, 2021

Note 8 Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Authority carries commercial insurance for these risks of loss. The Authority has not experienced losses that exceeded commercial coverage in any of the last three years.

Note 9 Contingencies

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of September 30, 2021, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Authority.

Note 10 TABOR

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations; however, the Authority believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

Note 11 Risks, Uncertainties and Subsequent Events

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results, but the effects are currently unknown. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing. Management has evaluated subsequent events as of January 6, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**Costilla County Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability - PERA
Last 10 Fiscal Years ****

Measurement date for the year ending December 31,	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.0217132487%	0.0210518030%	0.0209459042%	0.0209459042%	0.0222984823%	0.0236282839%	0.0248382894%	0.0269524076%
Authority's proportional share of the net pension liability	\$ 113,154	\$ 153,971	\$ 254,094	\$ 233,219	\$ 301,105	\$ 260,285	\$ 222,628	\$ 221,797
Authority's covered payroll	157,904	152,136	138,260	138,503	135,157	134,191	136,103	143,794
Total pension liability	5,715,765,000	5,324,353,000	5,228,602,000	5,396,516,000	5,123,847,000	4,762,090,000	4,647,777,000	4,517,239,000
Plan fiduciary net position	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000	3,751,468,000	3,508,312,000
Net pension liability	<u>\$ 521,127,000</u>	<u>\$ 731,391,000</u>	<u>\$ 1,257,213,000</u>	<u>\$ 1,113,430,000</u>	<u>\$ 1,350,341,000</u>	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 1,008,927,000</u>
Plan fiduciary net position as a percentage of the total pension liability	90.9%	86.3%	76.0%	79.4%	73.6%	76.9%	80.7%	77.7%
Net pension liability as a percentage of covered payroll	72%	101%	184%	168%	223%	194%	164%	154%

** The remaining years will be presented when they become available until 10 years are shown.

**Costilla County Housing Authority
Required Supplementary Information
Schedule of Pension Contributions - PERA
Last 10 Fiscal Years ****

Measurement date for the year ending December 31, Statutorily Required Contribution	2020	2019	2018	2017	2016	2015	2014	2013
	20,812	19,291	17,531	17,562	17,138	17,015	17,258	18,233
Contributions in Relation to the Statutorily Required Contribution	20,812	19,291	17,531	17,562	17,138	17,015	17,258	18,233
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
Covered Payroll	157,904	152,136	138,260	138,503	135,157	134,191	136,103	143,794
Contributions as a % of Covered Payroll	13.18%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

** The remaining years will be presented when they become available until 10 years are shown.

Costilla County Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the OPEB Liability - PERA
Last 10 Fiscal Years **

Measurement date for the year ending December 31, Authority's proportion of the net OPEB liability	2020	2019	2018	2017	2016
	0.0016573813%	0.0016095010%	0.0015673541%	0.0016276859%	0.0017117262%
Authority's proportional share of the net OPEB liability	\$ 15,749	\$ 18,091	\$ 21,324	\$ 21,152	\$ 22,193
Authority's covered payroll	157,904	152,136	138,260	138,503	135,157
Total OPEB liability	1,413,526,000	1,488,508,000	1,639,734,000	1,575,822,000	1,556,762,000
Plan fiduciary net position	463,301,000	364,510,000	279,192,000	276,222,000	260,228,000
Net OPEB liability	<u>\$ 950,225,000</u>	<u>\$ 1,123,998,000</u>	<u>\$ 1,360,542,000</u>	<u>\$ 1,299,600,000</u>	<u>\$ 1,296,534,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	32.8%	24.5%	17.0%	17.5%	16.7%
Net OPEB liability as a percentage of covered payroll	10%	12%	15%	15%	16%

** The remaining years will be presented when they become available until 10 years are shown.

**Costilla County Housing Authority
 Required Supplementary Information
 Schedule of OPEB Contributions - PERA
 Last 10 Fiscal Years ****

Measurement date for the year ending December 31,	2020	2019	2018	2017	2016
Statutorily Required Contribution	1,611	1,552	1,410	1,413	1,379
Contributions in Relation to the Statutorily Required Contribution	1,611	1,552	1,410	1,413	1,379
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	157,904	152,136	138,260	138,503	135,157
Contributions as a % of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

** The remaining years will be presented when they become available until 10 years are shown.

SUPPLEMENTAL SECTION

**COSTILLA COUNTY HOUSING AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2021**

	<u>LOW RENT</u>	<u>RURAL DEVELOPMENT SENIOR</u>	<u>RURAL DEVELOPMENT FAMILY</u>	<u>MANAGEMENT</u>	<u>TOTAL</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 634,577	\$ 46,480	\$ 74,968	\$ 29,339	\$ 785,364
Other Receivables	4,704	9,081	12,116	-	25,901
Tenants Receivable, Tenants (net of bad debt allowance)	2,565	2	190	-	2,757
Prepaid Expenses	3,451	6,773	103	-	10,327
Inventory	3,389	-	-	-	3,389
Due from Other Programs	58,803	2,900	-	2,816	64,519
Cash Security Deposit - Restricted	23,595	9,524	10,317	-	43,436
Restricted Cash - Replacement Reserves	-	86,072	128,459	-	214,531
Total Current Assets	<u>731,084</u>	<u>160,832</u>	<u>226,153</u>	<u>32,155</u>	<u>1,150,224</u>
Non Current Assets					
Capital Assets					
Land	65,312	-	49,079	-	114,391
Building and Improvements	4,458,805	1,161,424	939,085	-	6,559,314
Furniture and Equipment	167,199	54,585	5,180	-	226,964
Less Accumulated Depreciation	<u>(3,837,418)</u>	<u>(685,678)</u>	<u>(579,934)</u>	<u>-</u>	<u>(5,103,030)</u>
Total Capital Assets Net of Depreciation	<u>853,898</u>	<u>530,331</u>	<u>413,410</u>	<u>-</u>	<u>1,797,639</u>
Total Noncurrent Assets	<u>853,898</u>	<u>530,331</u>	<u>413,410</u>	<u>-</u>	<u>1,797,639</u>
TOTAL ASSETS	<u>1,584,982</u>	<u>691,163</u>	<u>639,563</u>	<u>32,155</u>	<u>2,947,863</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Pensions	30,862	8,141	8,141	5,760	52,904
Deferred Outflows - OPEB	897	237	237	167	1,538
Total Deferred Outflows of Resources	<u>31,759</u>	<u>8,378</u>	<u>8,378</u>	<u>5,927</u>	<u>54,442</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	12,397	1,948	1,908	240	16,493
Other Accrued Liabilities	1,286	213	175	-	1,674
Tenant Security Deposits	23,595	9,524	10,317	-	43,436
Accrued Interest Payable	-	760	409	-	1,169
Current Portion of Long Term Debt	-	15,829	15,179	-	31,008
Due To Other Programs	-	16,953	19,989	27,577	64,519
Total Current Liabilities	<u>37,278</u>	<u>45,227</u>	<u>47,977</u>	<u>27,817</u>	<u>158,299</u>
Noncurrent Liabilities:					
Notes and Mortgage Payable	-	770,571	595,976	-	1,366,547
Net Pension Liability	66,012	17,411	17,411	12,320	113,154
Net OPEB Liability	9,188	2,423	2,423	1,715	15,749
Total Noncurrent Liabilities	<u>75,200</u>	<u>790,405</u>	<u>615,810</u>	<u>14,035</u>	<u>1,495,450</u>
TOTAL LIABILITIES	<u>112,478</u>	<u>835,632</u>	<u>663,787</u>	<u>41,852</u>	<u>1,653,749</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Pensions	71,388	18,829	18,829	13,323	122,369
Deferred Inflows - OPEB	2,959	780	780	552	5,071
Total Deferred Inflows of Resources	<u>74,347</u>	<u>19,609</u>	<u>19,609</u>	<u>13,875</u>	<u>127,440</u>
NET POSITION					
Net Investment in Capital Assets	853,898	(256,069)	(197,745)	-	400,084
Restricted for Capital Improvements	-	86,072	128,459	-	214,531
Unrestricted	576,018	14,297	33,831	(17,645)	606,501
TOTAL NET POSITION	<u>\$ 1,429,916</u>	<u>\$ (155,700)</u>	<u>\$ (35,455)</u>	<u>\$ (17,645)</u>	<u>\$ 1,221,116</u>

See the accompanying Independent Auditors' Report

COSTILLA COUNTY HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	LOW RENT	RURAL DEVELOPMENT SENIOR	RURAL DEVELOPMENT FAMILY	MANAGEMENT	TOTAL
OPERATING REVENUES:					
Dwelling Rental	\$ 151,774	\$ 59,957	\$ 20,269	\$ -	\$ 232,000
Management Fees	-	-	-	33,792	33,792
Other Income	20,809	9,936	5,280	-	36,025
TOTAL OPERATING REVENUES	<u>172,583</u>	<u>69,893</u>	<u>25,549</u>	<u>33,792</u>	<u>301,817</u>
OPERATING EXPENSES:					
General and Administrative	140,225	46,508	39,689	51,437	277,859
Utilities	63,286	14,793	14,665	-	92,744
Maintenance and Operation	103,221	53,734	43,260	-	200,215
Management fees	-	18,432	15,360	-	33,792
Depreciation	87,493	41,435	27,939	-	156,867
TOTAL OPERATING EXPENSES	<u>394,225</u>	<u>174,902</u>	<u>140,913</u>	<u>51,437</u>	<u>761,477</u>
OPERATING (LOSS)	<u>(221,642)</u>	<u>(105,009)</u>	<u>(115,364)</u>	<u>(17,645)</u>	<u>(459,660)</u>
NON OPERATING REVENUES (EXPENSES):					
Governmental Grants	341,354	110,745	144,423	-	596,522
Interest Expense	-	(9,721)	(5,525)	-	(15,246)
Interest Income	352	128	157	-	637
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>341,706</u>	<u>101,152</u>	<u>139,055</u>	<u>-</u>	<u>581,913</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	120,064	(3,857)	23,691	(17,645)	122,253
HUD Capital Contributions	71,078	-	-	-	71,078
Net Transfers and Capital Contributions	71,078	-	-	-	71,078
CHANGE IN NET POSITION	<u>191,142</u>	<u>(3,857)</u>	<u>23,691</u>	<u>(17,645)</u>	<u>193,331</u>
NET POSITION - BEGINNING	1,238,774	(151,843)	(59,146)	-	1,027,785
NET POSITION - ENDING	<u>\$ 1,429,916</u>	<u>\$ (155,700)</u>	<u>\$ (35,455)</u>	<u>\$ (17,645)</u>	<u>\$ 1,221,116</u>

See the accompanying Independent Auditors' Report

**COSTILLA COUNTY HOUSING AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>LOW RENT</u>	<u>RURAL DEVELOPMENT SENIOR</u>	<u>RURAL DEVELOPMENT FAMILY</u>	<u>MANAGEMENT</u>	<u>TOTAL</u>
Cash Flows From Operating Activities:					
Cash Received from Tenants and Management Fees	\$ 147,020	\$ 67,210	\$ 26,500	\$ 30,976	\$ 271,706
Cash Paid to Suppliers	(267,685)	(116,642)	(84,979)	15,372	(453,934)
Cash Paid to Employees	(82,565)	(20,798)	(20,798)	(17,009)	(141,170)
Net Cash (Used) by Operating Activities	<u>(203,230)</u>	<u>(70,230)</u>	<u>(79,277)</u>	<u>29,339</u>	<u>(323,398)</u>
Cash Flows From Noncapital Financing Activities:					
Governments Grants	340,281	110,250	143,214	-	593,745
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>340,281</u>	<u>110,250</u>	<u>143,214</u>	<u>-</u>	<u>593,745</u>
Cash Flows From Capital and Related Financing Activities:					
Purchase of Property, Plant and Equipment	(119,677)	(2,898)	(2,900)	-	(125,475)
HUD Capital Grants	71,078	-	-	-	71,078
Repayment of Notes and Mortgage	-	(14,470)	(13,810)	-	(28,280)
Interest on Notes and Mortgage	-	(9,829)	(5,635)	-	(15,464)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(48,599)</u>	<u>(27,197)</u>	<u>(22,345)</u>	<u>-</u>	<u>(98,141)</u>
Cash Flows from Investing Activities:					
Interest Income	352	128	157	-	637
Net Cash Provided by Investing Activities	<u>352</u>	<u>128</u>	<u>157</u>	<u>-</u>	<u>637</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>88,804</u>	<u>12,951</u>	<u>41,749</u>	<u>29,339</u>	<u>172,843</u>
Cash and Cash Equivalents, Beginning	569,368	129,125	171,995	-	870,488
Cash and Cash Equivalents, Ending	<u>\$ 658,172</u>	<u>\$ 142,076</u>	<u>\$ 213,744</u>	<u>\$ 29,339</u>	<u>\$ 1,043,331</u>
Detail of cash and cash equivalents:					
Cash	634,577	46,480	74,968	29,339	785,364
Cash -security deposit	23,595	9,524	10,317	-	43,436
Cash- restricted	-	86,072	128,459	-	214,531
Total cash and cash equivalents	<u>\$ 658,172</u>	<u>\$ 142,076</u>	<u>\$ 213,744</u>	<u>\$ 29,339</u>	<u>\$ 1,043,331</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:					
Operating Loss	\$ (221,642)	\$ (105,009)	\$ (115,364)	\$ (17,645)	\$ (459,660)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:					
Depreciation	87,493	41,435	27,939	-	156,867
Pension and OPEB Related Changes	(37,022)	3,759	3,759	21,983	(7,521)
Changes in Assets and Liabilities:					
Accounts Receivable - Tenants	(1,347)	17	321	-	(1,009)
Prepaid Expenses	(3,199)	(6,773)	(103)	-	(10,075)
Inventory	(3,389)	-	-	-	(3,389)
Accounts Payable	(930)	(726)	(359)	240	(1,775)
Due To / From Other Funds	(25,386)	(3,125)	3,750	24,761	-
Security Deposit	1,170	200	630	-	2,000
Other Accrued Liabilities	1,022	(8)	150	-	1,164
Net Cash (Used) by Operating Activities	<u>\$ (203,230)</u>	<u>\$ (70,230)</u>	<u>\$ (79,277)</u>	<u>\$ 29,339</u>	<u>\$ (323,398)</u>

Costilla County Housing Authority (CO037)
San Luis, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$634,577		\$29,339		\$121,448	\$785,364	\$0	\$785,364
112 Cash - Restricted - Modernization and Development	\$0					\$0	\$0	\$0
113 Cash - Other Restricted	\$0				\$214,531	\$214,531	\$0	\$214,531
114 Cash - Tenant Security Deposits	\$23,595				\$19,841	\$43,436	\$0	\$43,436
115 Cash - Restricted for Payment of Current Liabilities	\$0					\$0	\$0	\$0
100 Total Cash	\$658,172	\$0	\$29,339	\$0	\$355,820	\$1,043,331	\$0	\$1,043,331
121 Accounts Receivable - PHA Projects	\$0					\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$4,704				\$4,704	\$0	\$4,704
124 Accounts Receivable - Other Government	\$0				\$21,197	\$21,197	\$0	\$21,197
125 Accounts Receivable - Miscellaneous	\$0					\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$4,949				\$225	\$5,174	\$0	\$5,174
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,384				-\$33	-\$2,417	\$0	-\$2,417
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0					\$0	\$0	\$0
128 Fraud Recovery	\$0					\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0					\$0	\$0	\$0
129 Accrued Interest Receivable	\$0					\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,565	\$4,704	\$0	\$0	\$21,389	\$28,658	\$0	\$28,658
131 Investments - Unrestricted	\$0					\$0	\$0	\$0
132 Investments - Restricted	\$0					\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0					\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$3,451				\$6,876	\$10,327	\$0	\$10,327
143 Inventories	\$3,765					\$3,765	\$0	\$3,765
143.1 Allowance for Obsolete Inventories	-\$376					-\$376	\$0	-\$376
144 Inter Program Due From	\$63,507		\$2,816		\$2,900	\$69,223	-\$69,223	\$0
145 Assets Held for Sale	\$0					\$0	\$0	\$0
150 Total Current Assets	\$731,084	\$4,704	\$32,155	\$0	\$386,985	\$1,154,928	-\$69,223	\$1,085,705
161 Land	\$65,312				\$49,079	\$114,391	\$0	\$114,391
162 Buildings	\$4,458,805				\$2,100,509	\$6,559,314	\$0	\$6,559,314
163 Furniture, Equipment & Machinery - Dwellings	\$32,532				\$15,411	\$47,943	\$0	\$47,943
164 Furniture, Equipment & Machinery - Administration	\$134,667				\$44,354	\$179,021	\$0	\$179,021
165 Leasehold Improvements	\$0					\$0	\$0	\$0
166 Accumulated Depreciation	-\$3,837,418				-\$1,265,612	-\$5,103,030	\$0	-\$5,103,030
167 Construction in Progress	\$0					\$0	\$0	\$0
168 Infrastructure	\$0					\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$853,898	\$0	\$0	\$0	\$943,741	\$1,797,639	\$0	\$1,797,639
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0					\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0					\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0					\$0	\$0	\$0
174 Other Assets	\$0					\$0	\$0	\$0
176 Investments in Joint Ventures	\$0					\$0	\$0	\$0
180 Total Non-Current Assets	\$853,898	\$0	\$0	\$0	\$943,741	\$1,797,639	\$0	\$1,797,639
200 Deferred Outflow of Resources	\$31,759		\$5,927		\$16,756	\$54,442	\$0	\$54,442
290 Total Assets and Deferred Outflow of Resources	\$1,616,741	\$4,704	\$38,082	\$0	\$1,347,482	\$3,007,009	-\$69,223	\$2,937,786
311 Bank Overdraft	\$0					\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$12,397		\$240		\$3,856	\$16,493	\$0	\$16,493
313 Accounts Payable >90 Days Past Due	\$0					\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0					\$0	\$0	\$0
322 Accrued Compensated Absences - Current Portion	\$0					\$0	\$0	\$0
324 Accrued Contingency Liability	\$0					\$0	\$0	\$0
325 Accrued Interest Payable	\$0				\$1,169	\$1,169	\$0	\$1,169
331 Accounts Payable - HUD PHA Programs	\$0					\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0					\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0					\$0	\$0	\$0
341 Tenant Security Deposits	\$23,595				\$19,841	\$43,436	\$0	\$43,436
342 Unearned Revenue	\$1,286				\$388	\$1,674	\$0	\$1,674
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0				\$31,008	\$31,008	\$0	\$31,008
344 Current Portion of Long-term Debt - Operating Borrowings	\$0					\$0	\$0	\$0
345 Other Current Liabilities	\$0					\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0					\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$4,704	\$27,577		\$36,942	\$69,223	-\$69,223	\$0
348 Loan Liability - Current	\$0					\$0	\$0	\$0
310 Total Current Liabilities	\$37,278	\$4,704	\$27,817	\$0	\$93,204	\$163,003	-\$69,223	\$93,780
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0				\$1,366,547	\$1,366,547	\$0	\$1,366,547
352 Long-term Debt, Net of Current - Operating Borrowings	\$0					\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0					\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0					\$0	\$0	\$0

Costilla County Housing Authority (CO037)
San Luis, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

355 Loan Liability - Non Current	\$0					\$0	\$0	\$0
356 FASB 5 Liabilities	\$0					\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$75,200		\$14,035		\$39,668	\$128,903	\$0	\$128,903
350 Total Non-Current Liabilities	\$75,200	\$0	\$14,035	\$0	\$1,406,215	\$1,495,450	\$0	\$1,495,450
300 Total Liabilities	\$112,478	\$4,704	\$41,852	\$0	\$1,499,419	\$1,658,453	-\$69,223	\$1,589,230
400 Deferred Inflow of Resources	\$74,347		\$13,875		\$39,218	\$127,440		\$127,440
508.4 Net Investment in Capital Assets	\$853,898				-\$453,814	\$400,084		\$400,084
511.4 Restricted Net Position					\$214,531	\$214,531		\$214,531
512.4 Unrestricted Net Position	\$576,018	\$0	-\$17,645	\$0	\$48,128	\$606,501		\$606,501
513 Total Equity - Net Assets / Position	\$1,429,916	\$0	-\$17,645	\$0	-\$191,155	\$1,221,116	\$0	\$1,221,116
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,616,741	\$4,704	\$38,082	\$0	\$1,347,482	\$3,007,009	-\$69,223	\$2,937,786

Costilla County Housing Authority (CO037)
San Luis, CO
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$151,774				\$80,226	\$232,000	\$0	\$232,000
70400 Tenant Revenue - Other	\$20,809				\$4,758	\$25,567	\$0	\$25,567
70500 Total Tenant Revenue	\$172,583	\$0	\$0	\$0	\$84,984	\$257,567	\$0	\$257,567
70600 HUD PHA Operating Grants	\$315,004	\$26,350				\$341,354	\$0	\$341,354
70610 Capital Grants	\$71,078					\$71,078	\$0	\$71,078
70710 Management Fee						\$0	\$0	\$0
70720 Asset Management Fee						\$0	\$0	\$0
70730 Book Keeping Fee						\$0	\$0	\$0
70740 Front Line Service Fee						\$0	\$0	\$0
70750 Other Fees						\$0	\$0	\$0
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants	\$0			\$255,168		\$255,168	\$0	\$255,168
71100 Investment Income - Unrestricted	\$352				\$287	\$639	\$0	\$639
71200 Mortgage Interest Income	\$0					\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0					\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0					\$0	\$0	\$0
71400 Fraud Recovery	\$0					\$0	\$0	\$0
71500 Other Revenue	\$0		\$33,792		\$10,457	\$44,249	-\$33,792	\$10,457
71600 Gain or Loss on Sale of Capital Assets	\$0					\$0	\$0	\$0
72000 Investment Income - Restricted	\$0					\$0	\$0	\$0
70000 Total Revenue	\$559,017	\$26,350	\$33,792	\$255,168	\$95,728	\$970,055	-\$33,792	\$936,263
91100 Administrative Salaries	\$56,519	\$3,000	\$17,009		\$17,207	\$93,735	\$0	\$93,735
91200 Auditing Fees	\$4,183				\$8,367	\$12,550	\$0	\$12,550
91300 Management Fee	\$0					\$0	\$0	\$0
91310 Book-keeping Fee	\$0					\$0	\$0	\$0
91400 Advertising and Marketing	\$1,555				\$1,124	\$2,679	\$0	\$2,679
91500 Employee Benefit contributions - Administrative	-\$2,959		\$26,561		\$11,978	\$35,580	\$0	\$35,580
91600 Office Expenses	\$6,052	\$1,139	\$1,246		\$7,431	\$15,868	\$0	\$15,868
91700 Legal Expense	\$655				\$794	\$1,449	\$0	\$1,449
91800 Travel	\$1,692		\$185		\$1,879	\$3,756	\$0	\$3,756
91810 Allocated Overhead	\$0					\$0	\$0	\$0
91900 Other	\$15,513	\$3,671	\$2,369		\$45,991	\$67,544	-\$33,792	\$33,752
91000 Total Operating - Administrative	\$83,210	\$7,810	\$47,370	\$0	\$94,771	\$233,161	-\$33,792	\$199,369
92000 Asset Management Fee	\$0					\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0					\$0	\$0	\$0
92200 Relocation Costs	\$0					\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0					\$0	\$0	\$0
92400 Tenant Services - Other	\$4,548	\$9,054				\$13,602	\$0	\$13,602
92500 Total Tenant Services	\$4,548	\$9,054	\$0	\$0	\$0	\$13,602	\$0	\$13,602
93100 Water	\$19,806				\$12,713	\$32,519	\$0	\$32,519
93200 Electricity	\$5,404				\$4,165	\$9,569	\$0	\$9,569
93300 Gas	\$21,805				\$309	\$22,114	\$0	\$22,114
93400 Fuel	\$0					\$0	\$0	\$0
93500 Labor	\$0					\$0	\$0	\$0
93600 Sewer	\$16,271				\$12,271	\$28,542	\$0	\$28,542
93700 Employee Benefit Contributions - Utilities	\$0					\$0	\$0	\$0
93800 Other Utilities Expense	\$0					\$0	\$0	\$0
93000 Total Utilities	\$63,286	\$0	\$0	\$0	\$29,458	\$92,744	\$0	\$92,744
94100 Ordinary Maintenance and Operations - Labor	\$28,046	\$3,000			\$24,390	\$53,436	\$0	\$53,436
94200 Ordinary Maintenance and Operations - Materials and Other	\$16,091	\$6,486			\$19,171	\$41,748	\$0	\$41,748
94300 Ordinary Maintenance and Operations Contracts	\$53,033				\$39,046	\$92,079	\$0	\$92,079
94500 Employee Benefit Contributions - Ordinary Maintenance	-\$1,435				\$13,132	\$11,697	\$0	\$11,697
94000 Total Maintenance	\$93,735	\$9,486	\$0	\$0	\$95,739	\$198,960	\$0	\$198,960
95100 Protective Services - Labor	\$0					\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0					\$0	\$0	\$0
95300 Protective Services - Other	\$0					\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0					\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$7,639				\$10,167	\$17,806	\$0	\$17,806
96120 Liability Insurance	\$951		\$81		\$0	\$1,032	\$0	\$1,032
96130 Workmen's Compensation	\$2,597		\$283		\$2,456	\$5,336	\$0	\$5,336
96140 All Other Insurance	\$4,154		\$429		\$831	\$5,414	\$0	\$5,414
96100 Total Insurance Premiums	\$15,341	\$0	\$793	\$0	\$13,454	\$29,588	\$0	\$29,588
96200 Other General Expenses	\$0		\$1,269		\$2,941	\$4,210	\$0	\$4,210
96210 Compensated Absences	\$8,573		\$2,005		\$6,480	\$17,058	\$0	\$17,058
96300 Payments in Lieu of Taxes	\$0					\$0	\$0	\$0

Costilla County Housing Authority (CO037)
San Luis, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

96400 Bad debt - Tenant Rents	\$11,689				\$2,346	\$14,035	\$0	\$14,035
96500 Bad debt - Mortgages	\$0					\$0	\$0	\$0
96600 Bad debt - Other	\$0					\$0	\$0	\$0
96800 Severance Expense	\$0					\$0	\$0	\$0
96000 Total Other General Expenses	\$20,282	\$0	\$3,274	\$0	\$11,767	\$35,303	\$0	\$35,303
96710 Interest of Mortgage (or Bonds) Payable	\$0				\$15,246	\$15,246	\$0	\$15,246
96720 Interest on Notes Payable (Short and Long Term)	\$0					\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0					\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$15,246	\$15,246	\$0	\$15,246
96900 Total Operating Expenses	\$280,382	\$26,350	\$51,437	\$0	\$260,435	\$618,604	-\$33,792	\$584,812
97000 Excess of Operating Revenue over Operating Expenses	\$278,635	\$0	-\$17,645	\$255,168	-\$164,707	\$351,451	\$0	\$351,451
97100 Extraordinary Maintenance	\$0					\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0				\$1,253	\$1,253	\$0	\$1,253
97300 Housing Assistance Payments	\$0					\$0	\$0	\$0
97350 HAP Portability-In	\$0					\$0	\$0	\$0
97400 Depreciation Expense	\$87,493				\$69,374	\$156,867	\$0	\$156,867
97500 Fraud Losses	\$0					\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense	\$0					\$0	\$0	\$0
90000 Total Expenses	\$367,875	\$26,350	\$51,437	\$0	\$331,062	\$776,724	-\$33,792	\$742,932
10010 Operating Transfer In	\$45,111				\$255,168	\$300,279	-\$296,634	\$3,645
10020 Operating transfer Out	-\$45,111			-\$255,168		-\$300,279	\$296,634	-\$3,645
10030 Operating Transfers from/to Primary Government	\$0					\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0					\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss	\$0					\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0					\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0					\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0					\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0					\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0					\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	-\$255,168	\$255,168	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$191,142	\$0	-\$17,645	\$0	\$19,834	\$193,331	\$0	\$193,331
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$28,280	\$28,280		\$28,280
11030 Beginning Equity	\$1,238,774	\$0	\$0	\$0	-\$210,989	\$1,027,785	\$0	\$1,027,785
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0	\$0	\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	681					681	0	681
11210 Number of Unit Months Leased	681					681	0	681
11270 Excess Cash	\$663,601					\$663,601		\$663,601
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$115,677					\$115,677		\$115,677
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$4,000					\$4,000		\$4,000
11650 Leasehold Improvements Purchases	\$0					\$0		\$0
11660 Infrastructure Purchases	\$0					\$0		\$0
13510 OFFP Debt Service Payments	\$0					\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0		\$0

SINGLE AUDIT SECTION

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S 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

To the Board of Commissioners
Costilla County Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Costilla County Housing Authority's basic financial statements, and have issued our report thereon dated January 6, 2022.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "G. & Associates LLC". The signature is written in a cursive, flowing style.

Longmont, CO
January 6, 2022

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE UNIFORM GUIDANCE

To the Board of Commissioners
Costilla County Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Costilla County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Costilla County Housing Authority's major federal programs for the year ended September 30, 2021. Costilla County Housing Authority's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Costilla County Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

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Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Longmont, CO
January 6, 2022

**COSTILLA COUNTY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>Federal Grantor</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development:		
Public Housing		
Operating Subsidy	14.850a	269,893
Cares Act	14.850a	26,350
Capital Fund Program	14.872	116,189
Total US Department of Housing and Urban Development		<u>412,432</u>
U.S. Department of Agriculture		
Rural Development-Rental Assistance	10.427	255,168
Rural Development Loan	10.415	1,425,835
Total U.S. Department of Agriculture		<u>1,681,003</u>
Total Federal Financial Awards		<u>\$ 2,093,435</u>

Note 1. Basis of Presentation

The schedule of expenditures of federal awards is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore some amounts presented in this schedule may differ from amounts presented in the financial statement.

Note 2. Rural Development Loan

The Authority had two loans that were guaranteed by the U.S. Department of Agriculture. The ending balances of each of the loans at September 30, 2021 were \$611,155 and \$786,400.

Note 3. Indirect Cost Rate

The Authority uses the deminis cost rate of 10% to allocate indirect costs.

**COSTILLA COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material Weakness identified? yes no
- Significant deficiency identified that are not considered to be material weakness? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material Weakness identified? yes no
- Significant deficiency identified that are not considered to be material weakness? yes no

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? yes no

Identification of major programs:

Rural Development-Rental Assistance
And Rural Development Loan program 10.415

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

Auditee qualified as low-risk auditee? yes no

Current years findings: None

Prior years findings: None