

**COSTILLA COUNTY HOUSING AUTHORITY**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Costilla County Housing Authority

### Opinions

We have audited the accompanying financial statements of the Costilla County Housing Authority as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Costilla County Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Costilla County Housing Authority as of September 30, 2022, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Costilla County Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Costilla County Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Certified Public Accountants & Business Consultants

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Costilla County Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Costilla County Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

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

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Costilla County Housing Authority's basic financial statements. The Financial Data Schedules, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Costilla County Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Costilla County Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "G. & Associates LLP". The signature is written in black ink and is positioned above the typed address and date.

Longmont, Colorado  
January 16, 2023

## **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, 2022.

### **Financial Highlights**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,440,540.

### **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 7.

### **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.

	2022	2021	Change
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,169,688	\$ 1,043,331	\$ 126,357
Current and other assets	114,925	42,374	72,551
Capital assets	1,736,436	1,797,639	(61,203)
Total Assets	<u>3,021,049</u>	<u>2,883,344</u>	<u>137,705</u>
Deferred Outflows of Resources	<u>25,560</u>	<u>54,442</u>	<u>(28,882)</u>
<b>LIABILITIES</b>			
Current liabilities	94,016	93,780	236
Long term liabilities	1,346,602	1,495,450	(148,848)
Total liabilities	<u>1,440,618</u>	<u>1,589,230</u>	<u>(148,612)</u>
Deferred Inflows of Resources	<u>165,451</u>	<u>127,440</u>	<u>38,011</u>
<b>NET POSITION</b>			
Net investment in capital assets	369,890	400,084	(30,194)
Restricted	290,790	214,531	76,259
Unrestricted	779,860	606,501	173,359
Total Net Position	<u>\$ 1,440,540</u>	<u>\$ 1,221,116</u>	<u>\$ 219,424</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 2022 in an amount less than the depreciation incurred during 2022. 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.

### Change in Net Position

	2022	2021	Increase (Decrease)
<b>Revenue:</b>			
Operating Revenue			
Charges for Services	\$ 338,203	\$ 268,025	\$ 70,178
Grants and Contribution	641,552	667,600	(26,048)
Other Income	2,300	637	1,663
Total Revenue	<u>982,055</u>	<u>936,262</u>	<u>45,793</u>
<b>Expenses:</b>			
Operating Expenses	750,133	727,685	22,448
Non Operating Expenses	12,498	15,246	(2,748)
Total Expenses	<u>762,631</u>	<u>742,931</u>	<u>19,700</u>
Change in Net Position	219,424	193,331	26,093
Net Position-Beginning	1,221,116	1,027,785	193,331
Net Position-Ending	<u>\$ 1,440,540</u>	<u>\$ 1,221,116</u>	<u>\$ 219,424</u>

The revenue is increased in 2022, from the prior year due to an increase in pension income and insurance proceeds. 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>2022</u>	<u>2021</u>
Cash from (for) Operating Activities	\$ (311,639)	\$ (323,398)
Cash from Non Capital Financing Activities	544,665	593,745
Cash from (for) Capital and Related Financing Activities	(107,827)	(98,141)
Cash from (for) Investing Activities	1,158	637
Increase (Decrease)	<u>126,357</u>	<u>172,843</u>
Cash and Cash Equivalents, Beginning of Year	1,043,331	870,488
Cash and Cash Equivalents, End of Year	<u>\$ 1,169,688</u>	<u>\$ 1,043,331</u>

### **Capital Assets**

The Authority's investment in capital assets as of September 30, 2022, amounts to \$1,736,436 (net of accumulated depreciation). This investment in capital assets included Land Improvements, Building and Equipment. The Authority's capital expenditures were \$102,782 during fiscal year 2022. 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 \$1,366,546. The Authority paid \$31,009 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, 2022**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 853,458
Other Receivables	88,837
Tenants Receivable (net of bad debt allowance)	2,372
Prepaid Expenses	3,445
Inventory	2,295
Cash Security Deposit - Restricted	43,416
Restricted Cash - Replacement Reserves	272,814
Total Current Assets	<u>1,266,637</u>
Non Current Assets	
Net pension asset - PERA	17,976
Capital Assets	
Land	114,391
Building and Improvements	6,662,096
Equipment	198,183
Less Accumulated Depreciation	<u>(5,238,234)</u>
Total Capital Assets Net of Depreciation	<u>1,736,436</u>
Total Noncurrent Assets	<u>1,754,412</u>
<b>TOTAL ASSETS</b>	<u><b>3,021,049</b></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows - Pensions	23,293
Deferred Outflows - OPEB	2,267
Total Deferred Outflows of Resources	<u>25,560</u>

**LIABILITIES**

Current Liabilities	
Accounts Payable	12,503
Other Accrued Liabilities	3,168
Tenant Security Deposits	43,416
Accrued Interest Payable	930
Current Portion of Long Term Debt	33,999
Total Current Liabilities	<u>94,016</u>
Noncurrent Liabilities:	
Notes and Mortgage Payable	1,332,547
Net OPEB Liability	14,055
Total Noncurrent Liabilities	<u>1,346,602</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,440,618</b></u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows- Pensions	159,736
Deferred Inflows - OPEB	5,715
Total Deferred Inflows of Resources	<u>165,451</u>

**NET POSITION**

Net Investment in Capital Assets	369,890
Restricted for Capital Improvements	272,814
Restricted for pensions	17,976
Unrestricted	779,860
<b>TOTAL NET POSITION</b>	<u><u><b>\$ 1,440,540</b></u></u>

**COSTILLA COUNTY HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>OPERATING REVENUES:</b>	
Dwelling Rental	\$ 251,507
Other Income	86,696
<b>TOTAL OPERATING REVENUES</b>	338,203
<b>OPERATING EXPENSES:</b>	
General and Administrative	244,489
Utilities	97,570
Maintenance and Operation	247,697
Depreciation	160,377
<b>TOTAL OPERATING EXPENSES</b>	750,133
<b>OPERATING (LOSS)</b>	(411,930)
<b>NON OPERATING REVENUES (EXPENSES):</b>	
Governmental Grants	539,094
Interest Expense	(12,498)
Interest Income	1,158
Gain on Disposal of Assets	1,142
<b>TOTAL NONOPERATING REVENUE ( EXPENSE)</b>	528,896
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	116,966
Capital Contributions	102,458
<b>CHANGE IN NET POSITION</b>	219,424
<b>NET POSITION - BEGINNING</b>	1,221,116
<b>NET POSITION - ENDING</b>	\$ 1,440,540

See the accompanying Independent Auditors' Report

**COSTILLA COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Cash Flows From Operating Activities:	
Cash Received from Tenants	\$ 375,193
Cash Paid to Suppliers	(526,238)
Cash Paid to Employees	(160,594)
	<u>(311,639)</u>
Net Cash (Used) by Operating Activities	<u>(311,639)</u>
Cash Flows From Noncapital Financing Activities:	
Government Grants	544,665
	<u>544,665</u>
Net Cash Provided by Non-Capital Financing Activities	<u>544,665</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of Property, Plant and Equipment	(102,782)
Proceeds from Disposition of Assets	4,750
HUD Capital Grant	33,951
Repayment of Notes and Mortgage	(31,009)
Interest on Notes and Mortgage	(12,737)
	<u>(107,827)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(107,827)</u>
Cash Flows from Investing Activities:	
Interest Income	1,158
	<u>1,158</u>
Net Cash Provided by the Investing Activities	<u>1,158</u>
Net Increase (Decrease) in Cash and Cash Equivalents	126,357
Cash and Cash Equivalents, Beginning	<u>1,043,331</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,169,688</u>
Detail of cash and cash equivalents:	
Cash	853,458
Cash -security deposit	43,416
Cash- restricted	272,814
	<u>853,458</u>
Total cash and cash equivalents	<u>\$ 1,169,688</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating Loss	\$ (411,930)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	160,377
Pension and OPEB related changes	(65,931)
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	385
Prepaid Expenses	6,882
Inventory	1,094
Accounts Payable	(3,990)
Security Deposit	(20)
Other Accrued Liabilities	1,494
	<u>1,494</u>
Net Cash (Used) by Operating Activities	<u>\$ (311,639)</u>

See the accompanying Independent Auditors' Report

**Costilla County Housing Authority**  
**Notes to Financial Statements**  
**September 30, 2022**

**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, 2022**

**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, 2022**

**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, 2022, is as follows:

<u>Due From Other Programs</u>		<b>Due (to) from Other Programs</b>			
<u>Program</u>	<u>Low Rent</u>	Rural Development Family	Rural Development Senior	Management	Total
Low Rent	\$ -	\$ (6,196)	\$ (6,282)	\$ (5,964)	\$ (18,442)
Rural Development - Family	6,196	-	3,023	527	9,746
Rural Development - Senior	6,282	(3,023)	-	701	3,960
Management	5,964	(527)	(701)	-	4,736
Total	<u>\$ 18,442</u>	<u>\$ (9,746)</u>	<u>\$ (3,960)</u>	<u>\$ (4,736)</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, 2022, the Authority's cash deposits had a carrying balance of \$1,169,688 and corresponding bank balance of \$1,251,057, of which \$436,441 was FDIC insured. At September 30, 2022, the Authority had cash of \$272,814 restricted for capital improvements and \$43,416 restricted for security deposits.

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**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 \$814,616 collateralized under PDPA at December 31, 2022, 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, 2022, 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 recorded \$255 as a reserve for obsolescence of inventory.

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**Note 4 Capital Assets**

The following is a summary of fixed assets at September 30, 2022:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable				
Land	\$ 114,391	\$ -	\$ -	\$ 114,391
Total non-depreciable	114,391	-	-	114,391
Capital assets, being depreciated:				
Buildings and improvements	6,559,314	102,782	-	6,662,096
Equipment	226,964	-	(28,781)	198,183
Total capital assets being depreciated	6,786,278	102,782	(28,781)	6,860,279
Total Capital Assets	6,900,669	102,782	(28,781)	6,974,670
Less accumulated depreciation	(5,103,030)	(160,377)	25,173	(5,238,234)
Net Capital Assets	\$ 1,797,639	\$ (57,595)	\$ (3,608)	\$ 1,736,436

**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, 2022 are as follows:

Year	Principal	Interest	Total
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	24,363	48,227	72,590
2028-2032	163,255	199,695	362,950
2033-2037	262,026	100,924	362,950
2038	68,977	3,601	72,578
Total	\$ 595,974	\$ 565,454	\$ 1,161,428

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, 2022 are as follows:

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 5 Long term Debt (Continued)**

Year	Principal	Interest	Total
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	22,657	63,305	85,962
2028-2032	163,464	266,345	429,809
2033-2037	255,933	173,876	429,809
2038-2041	248,896	39,781	288,677
Total	<u>\$ 770,572</u>	<u>\$ 807,533</u>	<u>1,578,105</u>

Changes in Long-term Debt during 2022 were as follows:

	Balance 9/30/2021	Additions	Reductions	Balance 9/30/2022	Amounts Due Within One Year
1989 USDA Note	\$ 611,155	\$ -	\$ 15,181	\$ 595,974	\$ 16,686
1991 USDA Note	786,400	-	15,828	770,572	17,313
Total Long-term Debt	<u>\$ 1,397,555</u>	<u>\$ -</u>	<u>\$ 31,009</u>	<u>\$ 1,366,546</u>	<u>\$ 33,999</u>

**Note 6 Tenant Receivable**

Following is detail of Tenant Receivable

	Low Rent	Senior Rural Development	Family Rural Development	Total
Tenant Receivable	\$ 2,295	\$ 410	\$ 1,481	\$ 4,186
Bad Debt Allowance	(1,212)	(238)	(364)	(1,814)
Net Receivable	<u>\$ 1,083</u>	<u>\$ 172</u>	<u>\$ 1,117</u>	<u>\$ 2,372</u>

**Note 7 Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The 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.

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

**General Information about the Pension Plan**

*Plan description.* Eligible employees of The 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 annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2021.* 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. 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, 2022* Eligible employees of, The Authority and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of April 1, 2021 through September 30, 2022 are summarized in the table below:

	January 1,2021 Through June 30, 2021	July 1,2021 Through December 31, 2021	January 1,2022 Through June 30, 2022	July 1,2022 Through December 31, 2022
Employee contribution (all employees other than State Troopers)	8.50%	8.50%	8.50%	9.00%

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

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

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	10.50%	10.50%	10.50%	11%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(D)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.48%	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%	0.02%	0.03%
<b>Total employer contribution rate to the LGDTF</b>	<b>13.20%</b>	<b>13.20%</b>	<b>13.21%</b>	<b>13.71%</b>

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and The Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from The Authority were \$18,979 for the year ended September 30, 2022.

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

At September 30, 2022, The Authority reported an asset of \$17,976 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The Authority's proportion of the net pension liability was based on The Authority's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers.

At December 31, 2021, the Authority's proportion was .0209661270%, which was a decrease of .07471217% from its proportion measured as of December 31, 2021.

For the year ended September 30, 2022, The Authority recognized pension expense of \$64,512. At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$878	\$300
Changes of assumptions or other inputs	6,093	0
Net difference between projected and actual earnings on pension plan investments	0	155,494
Changes in proportion and differences between contributions recognized and proportionate share of contributions	849	3,942
Contributions subsequent to the measurement date	15,473	N/A
Total	\$23,293	\$159,736

\$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 September 30, 2023. 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 September 30	
2023	\$(35,640)
2024	(59,890)
2025	(37,517)
2026	(18,869)
2027	0
Thereafter	\$0

*Actuarial assumptions.* The TPL in the December 31, 2020, 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, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

Actuarial cost method	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	3.20%-12.40%
Long-term investment rate of return, net of pension plan	7.25%
investment expenses, including price inflation Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

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

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

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

- **Males:** 97% of the rates for aU ages, with generational projection using scale MP-2019.
- **Females:** 105% 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% 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 actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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% 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:

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

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	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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%.

*Discount rate.* The discount rate used to measure the TPL was 7.25%. 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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% 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.

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 7 Defined Benefit Pension Plan (Continued)**

- 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 and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the The 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	<b>\$123,252</b>	<b>\$(17,976)</b>	<b>\$(136,107)</b>

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

**Note 8 Other Post Employment Benefits (OPEB)**

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

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

*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, 2022 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:

	January 1, 2021 Through	July 1, 2021 Through December 31,	January 1, 2022 Through	July 1, 2022 Through September
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 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.

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of The 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, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

Enrollment in the PERACare health benefits program 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% 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)

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

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.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and The Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from The Authority were \$1,467 for the year ended September 30, 2022.

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

At September 30, 2022, The Authority reported a liability of \$14,055 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The Authority proportion of the net OPEB liability was based on The Authority contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, The Authority's proportion was .0016298426%, which was a decrease of .000000275387 from its proportion measured as of December 31, 2020.

For the year ended September 30, 2022, The Authority recognized OPEB expense of \$1,779. At September 30, 2022, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> of <u>Resources</u>	<u>Deferred Inflows</u> of <u>Resources</u>
Difference between expected and actual experience	\$21	\$3,332
Changes of assumptions or other inputs	291	762
Net difference between projected and actual earnings on OPEB plan investments	0	870
Changes in proportion and differences between contributions recognized and proportionate share of contributions	710	751
Contributions subsequent to the measurement date	1,245	N/A
Total	\$2,267	\$5,715

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

\$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 September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30, 2022:	
2023	(\$1,416)
2024	(1,370)
2025	(1,149)
2026	(561)
2027	(174)
Thereafter	\$(23)

*Actuarial assumptions.* The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	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	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
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	4.50% in 2021, 6.00% in 2022	gradually decreasing	to 4.50% in 2029	
Medicare Part A premiums	3.75% in 2021,	gradually increasing	to 4.50% in 2029	

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Initial Costs for Members without Medicare Part A</b>		
	<b>Monthly Cost</b>	<b>Monthly Premium</b>	<b>Monthly Adjusted to Age 65</b>
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Advantage HMO Medicare	596	199	562

The 2021 Medicare Part A premium is \$471 (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 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, 2020, 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 TOL are summarized in the table below:

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% 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:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% 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% 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 following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- 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 2021 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting. 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.

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

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.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Geometric Real Rate of</b>	<b>Expected</b>
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	6.00 %	4.70%	
<b>Total</b>	<b>100.00 %</b>		

Note: 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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$27,999	\$28,826	\$29,785

*Discount rate.* The discount rate used to measure the TOL was 7.25%. 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:

**Costilla County Housing Authority  
Notes to Financial Statements (Continued)  
September 30, 2022**

**Note 8 Other Post Employment Benefits (OPEB) (Continued)**

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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%.
- 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 be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of The Authority's 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$13,651	\$14,055	\$14,522

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

**Note 9 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.

**Costilla County Housing Authority**  
**Notes to Financial Statements (Continued)**  
**September 30, 2022**

**Note 10 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, 2022, 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 11 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.

**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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.0209661270%	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	\$ (17,976)	\$ 113,154	\$ 153,971	\$ 254,094	\$ 233,219	\$ 301,105	\$ 260,285	\$ 222,628	\$ 221,797
Authority's covered payroll	143,779	157,904	152,136	138,260	138,503	135,157	134,191	136,103	143,794
Total pension liability	5,758,380,000	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	5,844,117,000	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>\$ (85,737,000)</u>	<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	101.5%	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	-13%	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	2021	2020	2019	2018	2017	2016	2015	2014	2013
	18,979	20,022	19,291	17,531	17,562	17,138	17,015	17,258	18,233
Contributions in Relation to the Statutorily Required Contribution	18,979	20,022	19,291	17,531	17,562	17,138	17,015	17,258	18,233
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
Covered Payroll	143,779	157,904	152,136	138,260	138,503	135,157	134,191	136,103	143,794
Contributions as a % of Covered Payroll	13.20%	12.68%	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	2021	2020	2019	2018	2017	2016
	0.0016298426%	0.0016573813%	0.0016095010%	0.0015673541%	0.0016276859%	0.0017117262%
Authority's proportional share of the net OPEB liability	\$ 14,055	\$ 15,749	\$ 18,091	\$ 21,324	\$ 21,152	\$ 22,193
Authority's covered payroll	143,779	157,904	152,136	138,260	138,503	135,157
Total OPEB liability	1,423,050,000	1,413,526,000	1,488,508,000	1,639,734,000	1,575,822,000	1,556,762,000
Plan fiduciary net position	560,749,000	463,301,000	364,510,000	279,192,000	276,222,000	260,228,000
Net OPEB liability	<u>\$ 862,301,000</u>	<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	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%
Net OPEB liability as a percentage of covered payroll	10%	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,	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	1,467	1,611	1,552	1,410	1,413	1,379
Contributions in Relation to the Statutorily Required Contribution	1,467	1,611	1,552	1,410	1,413	1,379
Contribution Deficiency (Excess)	-	-	-	-	-	-
Covered Payroll	143,779	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%	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, 2022**

	LOW RENT	RURAL DEVELOPMENT SENIOR	RURAL DEVELOPMENT FAMILY	MANAGEMENT	TOTAL
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 729,568	\$ 54,579	\$ 54,591	\$ 14,720	\$ 853,458
Other Receivables	69,349	8,970	10,518	-	88,837
Tenants Receivable, Tenants (net of bad debt allowance)	1,083	172	1,117	-	2,372
Prepaid Expenses	2,165	640	640	-	3,445
Inventory	2,295	-	-	-	2,295
Due from Other Programs	18,442	3,023	-	1,228	22,693
Cash Security Deposit - Restricted	23,545	9,524	10,347	-	43,416
Restricted Cash - Replacement Reserves	-	102,184	170,630	-	272,814
Total Current Assets	<u>846,447</u>	<u>179,092</u>	<u>247,843</u>	<u>15,948</u>	<u>1,289,330</u>
Non Current Assets					
Net Pension Asset - PERA	10,914	2,448	2,448	2,166	17,976
Capital Assets					
Land	65,312	-	49,079	-	114,391
Building and Improvements	4,561,587	1,161,424	939,085	-	6,662,096
Furniture and Equipment	138,418	54,585	5,180	-	198,183
Less Accumulated Depreciation	<u>(3,903,519)</u>	<u>(726,467)</u>	<u>(608,248)</u>	<u>-</u>	<u>(5,238,234)</u>
Total Capital Assets Net of Depreciation	<u>861,798</u>	<u>489,542</u>	<u>385,096</u>	<u>-</u>	<u>1,736,436</u>
Total Noncurrent Assets	<u>872,712</u>	<u>491,990</u>	<u>387,544</u>	<u>2,166</u>	<u>1,754,412</u>
<b>TOTAL ASSETS</b>	<u>1,719,159</u>	<u>671,082</u>	<u>635,387</u>	<u>18,114</u>	<u>3,043,742</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows - Pensions	14,142	3,172	3,172	2,807	23,293
Deferred Outflows - OPEB	1,376	309	309	273	2,267
Total Deferred Outflows of Resources	<u>15,518</u>	<u>3,481</u>	<u>3,481</u>	<u>3,080</u>	<u>25,560</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	7,334	2,181	1,818	1,170	12,503
Other Accrued Liabilities	2,966	98	104	-	3,168
Tenant Security Deposits	23,545	9,524	10,347	-	43,416
Accrued Interest Payable	-	641	289	-	930
Current Portion of Long Term Debt	-	17,313	16,686	-	33,999
Due To Other Programs	-	6,983	9,746	5,964	22,693
Total Current Liabilities	<u>33,845</u>	<u>36,740</u>	<u>38,990</u>	<u>7,134</u>	<u>116,709</u>
Noncurrent Liabilities:					
Notes and Mortgage Payable	-	753,259	579,288	-	1,332,547
Net OPEB Liability	8,533	1,914	1,914	1,694	14,055
Total Noncurrent Liabilities	<u>8,533</u>	<u>755,173</u>	<u>581,202</u>	<u>1,694</u>	<u>1,346,602</u>
<b>TOTAL LIABILITIES</b>	<u>42,378</u>	<u>791,913</u>	<u>620,192</u>	<u>8,828</u>	<u>1,463,311</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows - Pensions	96,983	21,751	21,751	19,251	159,736
Deferred Inflows - OPEB	3,470	778	778	689	5,715
Total Deferred Inflows of Resources	<u>100,453</u>	<u>22,529</u>	<u>22,529</u>	<u>19,940</u>	<u>165,451</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	861,798	(281,030)	(210,878)	-	369,890
Restricted for Capital Improvements	-	102,184	170,630	-	272,814
Restricted for pensions	10,914	2,448	2,448	2,166	17,976
Unrestricted	719,134	36,519	33,947	(9,740)	779,860
<b>TOTAL NET POSITION</b>	<u>\$ 1,591,846</u>	<u>\$ (139,879)</u>	<u>\$ (3,853)</u>	<u>\$ (7,574)</u>	<u>\$ 1,440,540</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, 2022**

	<b>LOW RENT</b>	<b>RURAL DEVELOPMENT SENIOR</b>	<b>RURAL DEVELOPMENT FAMILY</b>	<b>MANAGEMENT</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>					
Dwelling Rental	\$ 156,414	\$ 60,957	\$ 34,136	\$ -	\$ 251,507
Management Fees	-	-	-	33,792	33,792
Other Income	47,966	19,177	15,940	3,613	86,696
<b>TOTAL OPERATING REVENUES</b>	<u>204,380</u>	<u>80,134</u>	<u>50,076</u>	<u>37,405</u>	<u>371,995</u>
<b>OPERATING EXPENSES:</b>					
General and Administrative	135,340	44,426	37,389	27,334	244,489
Utilities	69,476	14,315	13,779	-	97,570
Maintenance and Operation	151,454	46,385	49,858	-	247,697
Management fees	-	18,432	15,360	-	33,792
Depreciation	91,274	40,789	28,314	-	160,377
<b>TOTAL OPERATING EXPENSES</b>	<u>447,544</u>	<u>164,347</u>	<u>144,700</u>	<u>27,334</u>	<u>783,925</u>
<b>OPERATING (LOSS)</b>	<u>(243,164)</u>	<u>(84,213)</u>	<u>(94,624)</u>	<u>10,071</u>	<u>(411,930)</u>
<b>NON OPERATING REVENUES (EXPENSES):</b>					
Governmental Grants	300,743	108,244	130,107	-	539,094
Interest Expense	-	(8,354)	(4,144)	-	(12,498)
Interest Income	751	144	263	-	1,158
Gain on Sale of Assets	1,142	-	-	-	1,142
<b>TOTAL NONOPERATING REVENUE ( EXPENSE)</b>	<u>302,636</u>	<u>100,034</u>	<u>126,226</u>	<u>-</u>	<u>528,896</u>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>59,472</u>	<u>15,821</u>	<u>31,602</u>	<u>10,071</u>	<u>116,966</u>
HUD Capital Contributions	102,458	-	-	-	102,458
Net Transfers and Capital Contributions	102,458	-	-	-	102,458
<b>CHANGE IN NET POSITION</b>	<u>161,930</u>	<u>15,821</u>	<u>31,602</u>	<u>10,071</u>	<u>219,424</u>
<b>NET POSITION - BEGINNING</b>	1,429,916	(155,700)	(35,455)	(17,645)	1,221,116
<b>NET POSITION - ENDING</b>	<u>\$ 1,591,846</u>	<u>\$ (139,879)</u>	<u>\$ (3,853)</u>	<u>\$ (7,574)</u>	<u>\$ 1,440,540</u>

See the accompanying Independent Auditors' Report

**COSTILLA COUNTY HOUSING AUTHORITY  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<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	\$ 246,173	\$ 79,841	\$ 49,179	\$ 38,993	\$ 414,186
Cash Paid to Suppliers	(293,726)	(117,426)	(117,476)	(36,603)	(565,231)
Cash Paid to Employees	(98,781)	(22,402)	(22,402)	(17,009)	(160,594)
Net Cash (Used) by Operating Activities	<u>(146,334)</u>	<u>(59,987)</u>	<u>(90,699)</u>	<u>(14,619)</u>	<u>(311,639)</u>
Cash Flows From Noncapital Financing Activities:					
Governments Grants	304,605	108,355	131,705	-	544,665
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>304,605</u>	<u>108,355</u>	<u>131,705</u>	<u>-</u>	<u>544,665</u>
Cash Flows From Capital and Related Financing Activities:					
Purchase of Property, Plant and Equipment	(102,782)	-	-	-	(102,782)
Proceeds from Disposition of Assets	4,750	-	-	-	4,750
HUD Capital Grants	33,951	-	-	-	33,951
Repayment of Notes and Mortgage	-	(15,828)	(15,181)	-	(31,009)
Interest on Notes and Mortgage	-	(8,473)	(4,264)	-	(12,737)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(64,081)</u>	<u>(24,301)</u>	<u>(19,445)</u>	<u>-</u>	<u>(107,827)</u>
Cash Flows from Investing Activities:					
Interest Income	751	144	263	-	1,158
Net Cash Provided by Investing Activities	<u>751</u>	<u>144</u>	<u>263</u>	<u>-</u>	<u>1,158</u>
Net Increase (Decrease) in Cash and Cash Equivalents	94,941	24,211	21,824	(14,619)	126,357
Cash and Cash Equivalents, Beginning	658,172	142,076	213,744	29,339	1,043,331
Cash and Cash Equivalents, Ending	<u>\$ 753,113</u>	<u>\$ 166,287</u>	<u>\$ 235,568</u>	<u>\$ 14,720</u>	<u>\$ 1,169,688</u>
Detail of cash and cash equivalents:					
Cash	729,568	54,579	54,591	14,720	853,458
Cash -security deposit	23,545	9,524	10,347	-	43,416
Cash- restricted	-	102,184	170,630	-	272,814
Total cash and cash equivalents	<u>\$ 753,113</u>	<u>\$ 166,287</u>	<u>\$ 235,568</u>	<u>\$ 14,720</u>	<u>\$ 1,169,688</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:					
Operating Loss	\$ (243,164)	\$ (84,213)	\$ (94,624)	\$ 10,071	\$ (411,930)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:					
Depreciation	91,274	40,789	28,314	-	160,377
Pension and OPEB Related Changes	(35,234)	(12,551)	(12,551)	(5,595)	(65,931)
Changes in Assets and Liabilities:					
Accounts Receivable - Tenants	1,482	(170)	(927)	-	385
Prepaid Expenses	1,286	6,133	(537)	-	6,882
Inventory	1,094	-	-	-	1,094
Accounts Payable	(5,063)	233	(90)	930	(3,990)
Due To / From Other Funds	40,361	(10,093)	(10,243)	(20,025)	-
Security Deposit	(50)	-	30	-	(20)
Other Accrued Liabilities	1,680	(115)	(71)	-	1,494
Net Cash (Used) by Operating Activities	<u>\$ (146,334)</u>	<u>\$ (59,987)</u>	<u>\$ (90,699)</u>	<u>\$ (14,619)</u>	<u>\$ (311,639)</u>

Costilla County Housing Authority (CO037)  
San Luis, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	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	\$729,568		\$14,720		\$109,170	\$853,458	\$0	\$853,458
112 Cash - Restricted - Modernization and Development	\$0					\$0	\$0	\$0
113 Cash - Other Restricted	\$0				\$272,814	\$272,814	\$0	\$272,814
114 Cash - Tenant Security Deposits	\$23,545				\$19,871	\$43,416	\$0	\$43,416
115 Cash - Restricted for Payment of Current Liabilities	\$0					\$0	\$0	\$0
100 Total Cash	\$753,113	\$0	\$14,720	\$0	\$401,855	\$1,169,688	\$0	\$1,169,688
121 Accounts Receivable - PHA Projects	\$0					\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$69,349					\$69,349	\$0	\$69,349
124 Accounts Receivable - Other Government	\$0				\$19,488	\$19,488	\$0	\$19,488
125 Accounts Receivable - Miscellaneous	\$0					\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$2,295				\$1,892	\$4,187	\$0	\$4,187
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,212				-\$603	-\$1,815	\$0	-\$1,815
126.2 Allowance for Doubtful Accounts - Other	\$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	\$70,432	\$0	\$0	\$0	\$20,777	\$91,209	\$0	\$91,209
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	\$2,165				\$1,280	\$3,445	\$0	\$3,445
143 Inventories	\$2,550					\$2,550	\$0	\$2,550
143.1 Allowance for Obsolete Inventories	-\$255					-\$255	\$0	-\$255
144 Inter Program Due From	\$18,442		\$1,228		\$3,023	\$22,693	-\$22,694	-\$1
145 Assets Held for Sale	\$0					\$0	\$0	\$0
150 Total Current Assets	\$846,447	\$0	\$15,948	\$0	\$426,935	\$1,289,330	-\$22,694	\$1,266,636
161 Land	\$65,312				\$49,079	\$114,391	\$0	\$114,391
162 Buildings	\$4,561,587				\$2,100,509	\$6,662,096	\$0	\$6,662,096
163 Furniture, Equipment & Machinery - Dwellings	\$32,532				\$15,411	\$47,943	\$0	\$47,943
164 Furniture, Equipment & Machinery - Administration	\$105,886				\$44,354	\$150,240	\$0	\$150,240
165 Leasehold Improvements	\$0					\$0	\$0	\$0
166 Accumulated Depreciation	-\$3,903,519				-\$1,334,715	-\$5,238,234	\$0	-\$5,238,234
167 Construction in Progress	\$0					\$0	\$0	\$0
168 Infrastructure	\$0					\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$861,798	\$0	\$0	\$0	\$874,638	\$1,736,436	\$0	\$1,736,436
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	\$10,914		\$2,166		\$4,896	\$17,976	\$0	\$17,976
176 Investments in Joint Ventures	\$0					\$0	\$0	\$0
180 Total Non-Current Assets	\$872,712	\$0	\$2,166	\$0	\$879,534	\$1,754,412	\$0	\$1,754,412
200 Deferred Outflow of Resources	\$15,518		\$3,080		\$6,962	\$25,560	\$0	\$25,560
290 Total Assets and Deferred Outflow of Resources	\$1,734,677	\$0	\$21,194	\$0	\$1,313,431	\$3,069,302	-\$22,694	\$3,046,608

Costilla County Housing Authority (CO037)  
San Luis, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	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
311 Bank Overdraft	\$0					\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$2,008		\$1,170		\$496	\$3,674	\$0	\$3,674
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				\$930	\$930	\$0	\$930
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	\$23,545				\$19,871	\$43,416	\$0	\$43,416
342 Unearned Revenue	\$2,966				\$202	\$3,168	\$0	\$3,168
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0				\$33,999	\$33,999	\$0	\$33,999
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	\$5,326				\$3,503	\$8,829	\$0	\$8,829
347 Inter Program - Due To	\$0		\$5,964		\$16,729	\$22,693	-\$22,694	-\$1
348 Loan Liability - Current	\$0					\$0	\$0	\$0
310 Total Current Liabilities	\$33,845	\$0	\$7,134	\$0	\$75,730	\$116,709	-\$22,694	\$94,015
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0				\$1,332,547	\$1,332,547	\$0	\$1,332,547
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
355 Loan Liability - Non Current	\$0					\$0	\$0	\$0
356 FASB 5 Liabilities	\$0					\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$8,533		\$1,694		\$3,828	\$14,055	\$0	\$14,055
350 Total Non-Current Liabilities	\$8,533	\$0	\$1,694	\$0	\$1,336,375	\$1,346,602	\$0	\$1,346,602
300 Total Liabilities	\$42,378	\$0	\$8,828	\$0	\$1,412,105	\$1,463,311	-\$22,694	\$1,440,617
400 Deferred Inflow of Resources	\$100,453		\$19,940		\$45,058	\$165,451		\$165,451
508.4 Net Investment in Capital Assets	\$861,798	\$0	\$0	\$0	-\$491,908	\$369,890		\$369,890
511.4 Restricted Net Position	\$10,914	\$0	\$2,166	\$0	\$277,710	\$290,790		\$290,790
512.4 Unrestricted Net Position	\$719,134	\$0	-\$9,740	\$0	\$70,466	\$779,860		\$779,860
513 Total Equity - Net Assets / Position	\$1,591,846	\$0	-\$7,574	\$0	-\$143,732	\$1,440,540	\$0	\$1,440,540
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,734,677	\$0	\$21,194	\$0	\$1,313,431	\$3,069,302	-\$22,694	\$3,046,608

Costilla County Housing Authority (CO037)  
San Luis, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	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	\$156,278				\$95,093	\$251,371	\$0	\$251,371
70400 Tenant Revenue - Other	\$10,291				\$9,545	\$19,836	\$0	\$19,836
70500 Total Tenant Revenue	\$166,569	\$0	\$0	\$0	\$104,638	\$271,207	\$0	\$271,207
70600 HUD PHA Operating Grants	\$299,128	\$1,615				\$300,743	\$0	\$300,743
70610 Capital Grants	\$102,458					\$102,458	\$0	\$102,458
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			\$238,351		\$238,351	\$0	\$238,351
71100 Investment Income - Unrestricted	\$751				\$407	\$1,158	\$0	\$1,158
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	\$38,115		\$37,405		\$25,572	\$101,092	\$0	\$101,092
71600 Gain or Loss on Sale of Capital Assets	\$1,142					\$1,142	\$0	\$1,142
72000 Investment Income - Restricted	\$0					\$0	\$0	\$0
70000 Total Revenue	\$608,163	\$1,615	\$37,405	\$238,351	\$130,617	\$1,016,151	\$0	\$1,016,151
91100 Administrative Salaries	\$60,363	\$951	\$17,328		\$16,313	\$94,955	\$0	\$94,955
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	\$2,931				\$5,829	\$8,760	\$0	\$8,760
91500 Employee Benefit contributions - Administrative	\$11,542		\$2,193		\$6,292	\$20,027	\$0	\$20,027
91600 Office Expenses	\$7,016		\$181		\$6,754	\$13,951	\$0	\$13,951
91700 Legal Expense	\$778				\$1,147	\$1,925	\$0	\$1,925
91800 Travel	\$5,000		\$51		\$3,641	\$8,692	\$0	\$8,692
91810 Allocated Overhead	\$0					\$0	\$0	\$0
91900 Other	\$10,760	\$119	\$5,413		\$39,967	\$66,259	\$0	\$66,259
91000 Total Operating - Administrative	\$102,573	\$1,070	\$25,166	\$0	\$88,310	\$217,119	\$0	\$217,119
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	\$5,371				\$1,819	\$7,190	\$0	\$7,190
92500 Total Tenant Services	\$5,371	\$0	\$0	\$0	\$1,819	\$7,190	\$0	\$7,190
93100 Water	\$16,937				\$12,320	\$29,257	\$0	\$29,257
93200 Electricity	\$5,355				\$3,536	\$8,891	\$0	\$8,891
93300 Gas	\$30,014					\$30,014	\$0	\$30,014
93400 Fuel	\$0					\$0	\$0	\$0
93500 Labor	\$0					\$0	\$0	\$0
93600 Sewer	\$17,169				\$12,238	\$29,407	\$0	\$29,407

Costilla County Housing Authority (CO037)  
San Luis, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	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
93700 Employee Benefit Contributions - Utilities	\$0					\$0	\$0	\$0
93800 Other Utilities Expense	\$0					\$0	\$0	\$0
93000 Total Utilities	\$69,475	\$0	\$0	\$0	\$28,094	\$97,569	\$0	\$97,569
94100 Ordinary Maintenance and Operations - Labor	\$26,933	\$476			\$22,843	\$50,252	\$0	\$50,252
94200 Ordinary Maintenance and Operations - Materials and Other	\$28,653	\$69			\$22,558	\$51,280	\$0	\$51,280
94300 Ordinary Maintenance and Operations Contracts	\$89,011				\$45,675	\$134,686	\$0	\$134,686
94500 Employee Benefit Contributions - Ordinary Maintenance	\$5,956				\$4,926	\$10,882	\$0	\$10,882
94000 Total Maintenance	\$150,553	\$545	\$0	\$0	\$96,002	\$247,100	\$0	\$247,100
95100 Protective Services - Labor	\$0					\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0					\$0	\$0	\$0
95300 Protective Services - Other	\$358				\$240	\$598	\$0	\$598
95500 Employee Benefit Contributions - Protective Services	\$0					\$0	\$0	\$0
95000 Total Protective Services	\$358	\$0	\$0	\$0	\$240	\$598	\$0	\$598
96110 Property Insurance	\$7,980				\$12,551	\$20,531	\$0	\$20,531
96120 Liability Insurance	\$934				\$0	\$934	\$0	\$934
96130 Workmen's Compensation	\$1,854				\$1,854	\$3,708	\$0	\$3,708
96140 All Other Insurance	\$4,376				\$725	\$5,101	\$0	\$5,101
96100 Total Insurance Premiums	\$15,144	\$0	\$0	\$0	\$15,130	\$30,274	\$0	\$30,274
96200 Other General Expenses	\$0				\$3,254	\$3,254	\$0	\$3,254
96210 Compensated Absences	\$11,485		\$2,168		\$5,648	\$19,301	\$0	\$19,301
96300 Payments in Lieu of Taxes	\$0				\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$0				\$1,448	\$1,448	\$0	\$1,448
96500 Bad debt - Mortgages	\$0				\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0				\$0	\$0	\$0	\$0
96800 Severance Expense	\$0				\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$11,485	\$0	\$2,168	\$0	\$10,350	\$24,003	\$0	\$24,003
96710 Interest of Mortgage (or Bonds) Payable	\$0				\$12,497	\$12,497	\$0	\$12,497
96720 Interest on Notes Payable (Short and Long Term)	\$0				\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0				\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$12,497	\$12,497	\$0	\$12,497
96900 Total Operating Expenses	\$354,959	\$1,615	\$27,334	\$0	\$252,442	\$636,350	\$0	\$636,350
97000 Excess of Operating Revenue over Operating Expenses	\$253,204	\$0	\$10,071	\$238,351	-\$121,825	\$379,801	\$0	\$379,801
97100 Extraordinary Maintenance	\$0					\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0					\$0	\$0	\$0
97300 Housing Assistance Payments	\$0					\$0	\$0	\$0
97350 HAP Portability-In	\$0					\$0	\$0	\$0
97400 Depreciation Expense	\$91,274				\$69,103	\$160,377	\$0	\$160,377
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	\$446,233	\$1,615	\$27,334	\$0	\$321,545	\$796,727	\$0	\$796,727

Costilla County Housing Authority (CO037)

San Luis, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	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
10010 Operating Transfer In	\$27,752				\$238,351	\$266,103	-\$266,103	\$0
10020 Operating transfer Out	-\$27,752			-\$238,351		-\$266,103	\$266,103	\$0
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	-\$238,351	\$238,351	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$161,930	\$0	\$10,071	\$0	\$47,423	\$219,424	\$0	\$219,424
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$31,008	\$31,008		\$31,008
11030 Beginning Equity	\$1,429,916	\$0	-\$17,645	\$0	-\$191,155	\$1,221,116	\$0	\$1,221,116
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				528	1209	0	1209
11210 Number of Unit Months Leased	675				522	1197	0	1197
11270 Excess Cash	\$778,562					\$778,562		\$778,562
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$102,782					\$102,782		\$102,782
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0		\$0
11650 Leasehold Improvements Purchases	\$0					\$0		\$0
11660 Infrastructure Purchases	\$0					\$0		\$0
13510 CFFP 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 as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Costilla County Housing Authority's basic financial statements, and have issued our report thereon dated January 16, 2023.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Costilla County Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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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Longmont, CO 80502

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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. Accordingly, this communication 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, and 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.

A handwritten signature in cursive script that reads "Gnum + Associates LLC". The signature is written in black ink and is positioned above the typed address and date.

Longmont, Colorado  
January 16, 2023

# 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 REQUIRE BY THE UNIFORM GUIDANCE

To the Board of Commissioners  
Costilla County Housing Authority

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited Costilla County Housing Authority's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

#### Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Costilla County Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Costilla County Housing Authority's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Costilla County Housing Authority's federal programs.

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### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Costilla County Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Costilla County Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Costilla County Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding Costilla County Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Costilla County Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

Longmont, Colorado  
January 16, 2023

**COSTILLA COUNTY HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<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	271,376
Cares Act	14.850a	1,615
Capital Fund Program	14.872	130,210
Total US Department of Housing and Urban Development		<u>403,201</u>
U.S. Department of Agriculture		
Rural Development-Rental Assistance	10.427	238,351
Rural Development Loan	10.415	1,397,555
Total U.S. Department of Agriculture		<u>1,635,906</u>
Total Federal Financial Awards		<u>\$ 2,039,107</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, 2022 were \$595,974 and \$770,572.

**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, 2022**

**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 Rental Housing Loans 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**