

**Notes to the Financial Statements  
for the fiscal year-ended December 31, 2015**

**Summary of Significant Accounting Policies**

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the [REDACTED] Pension Plan ([REDACTED]) and additions to/deductions from [REDACTED] fiduciary net position have been determined on the same basis as they are reported by [REDACTED]. 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.

**Note X**

*General Information about the Pension Plan*

Plan description: Eligible plan participants are provided with pensions through the [REDACTED]. The [REDACTED] are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); are multiple employer, cost sharing, public employees, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); are multiple employer, cost sharing, public employees, retirement systems.

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

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

Benefits provided: [REDACTED] provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

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

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the █████ Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
<b>Contributory System</b>			
11 – Local Governmental Division Tier 1	N/A	6.000 %	14.460 %
111 – Local Governmental Division Tier 2	N/A	N/A	14.910 %
<b>Noncontributory System</b>			
15 – Local Governmental Division Tier 1	N/A	N/A	18.470 %

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

At December 31, 2014, we reported a net pension asset of \$3,164 and a net pension liability of \$1,603,107.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3589716 %	\$0	\$1,558,739
Contributory System	0.1538170 %	\$0	\$44,368
Tier 2 Public Employees System	0.1043945 %	\$3,164	\$0
Total Net Pension Asset / Liability		\$3,164	\$1,603,107

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$406,861. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$57,853
Changes in assumptions	\$0	\$155,421
Net difference between projected and actual earnings on pension plan investments	\$37,569	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$581,078	\$0
Total	\$618,647	\$213,274

\$581,078 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2015	(\$48,738)
2016	(\$43,313)
2017	(\$41,097)
2018	(\$39,099)
2019	(\$553)
Thereafter	(\$2,905)

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

Inflation	2.75 percent
Salary Increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

#### Retired Member Mortality

##### Class of Member

##### Educators

Men EDUM	(90%)
Women EDUF	(100%)

##### Public Safety and Firefighters

Men RP 2000mWC	(100%)
Women EDUF	(120%)

##### Local Government, Public Employees

Men RP 2000mWC	(100%)
Women EDUF	(120%)

*EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage*

*EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage*

*RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage*

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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

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

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point-higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset) / liability	\$3,889,409	\$1,599,943	(\$306,012)

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued [REDACTED] financial report.

Payables to the pension plan

If reported payables to the defined benefit pension plan, it should disclose information required by paragraph 122 of GASB 68.)

**REQUIRED SUPPLEMENTAL INFORMATION**

**Schedule of Required Supplementary Information  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
HOUSING AUTHORITY OF ABC**

**December 31, 2014  
Last 10 Fiscal Years\***

	<b>Noncontributory System</b>	<b>Contributory Retirement System</b>	<b>Tier 2 Public Employees System</b>
Proportion of the net pension liability (asset)	0.3589716 %	0.01538719%	0.1043945%
Proportionate share of the net pension liability (asset)	\$1,558,739	\$44,368	(\$3,164)
Covered employee payroll	\$2,986,573	\$83,216	\$511,832
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.2%	53.3%	-0.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	103.5 %

*\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportions share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.*

**Schedule of Required Supplementary Information  
SCHEDULE OF THE CONTRIBUTIONS  
HOUSING AUTHORITY OF ABC**

**December 31, 2014  
Last 10 Fiscal Years\***

	<b>Noncontributory System</b>	<b>Contributory Retirement System</b>	<b>Tier 2 Public Employees System</b>
Contractually required contribution	\$564,203	\$11,413	\$43,070
Contributions in relation to the contractually required contribution	(\$564,203)	(\$11,413)	(\$43,070)
Contribution deficiency (excess)	-	-	-
Covered employee payroll	\$2,986,573	\$83,216	\$511,832
Contributions as a percentage of covered-employee payroll**	18.89%	13.71%	8.41%

\* Amounts presented were determined as of calendar year January 1 – December 31. Employers will required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

\*\* Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

**Notes to Required Supplementary Information  
For Year Ended December 31, 2014**

***Changes of Assumptions***

*If there were any changes to actuarial assumptions, they would be reported in this area.*

***Other Information that is not required as part of RSI***

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

**Defined Contribution System**

December 31, 2014

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	\$38,633	\$109,115
457 Plan	\$5,800	\$0
Roth IRA Plan	\$9,955	\$0
Traditional IRA Plan	\$0	\$0
HRA Plan	\$0	\$0

- The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

**Housing Authority of ABC**  
**Pension beginning and ending values**  
**December 31, 2015**

GASB 68 Schedule	Beginning Values			Ending Values		
	NPL/(NPA)	Asset	Liability	NPL/(NPA)	Asset	Liability
Noncontributory	\$1,937,193	-	\$1,937,196	\$1,558,739	-	\$1,558,739
Contributory	48,224	-	48,224	44,368	-	44,368
Public Safety	-	-	-	-	-	-
Firefighters	-	-	-	-	-	-
Judges	-	-	-	-	-	-
Governors and Legislators	-	-	-	-	-	-
Tier 2 Public Employees	628	-	628	(3,164)	\$3,164	-
Tier 2 Public Safety & Firefighters	-	-	-	-	-	-
	\$1,986,048	-	\$1,986,048	\$1,559,943	3,164	\$1,603,107

Retirement System	Net Pension Liability/(Asset) at 12/31/2013			Net Pension Liability/(Asset) at 12/31/2014		
	System Total NPL/(NPA)	Proportionate Share	Beginning Values	System Total NPL/(NPA)	Proportionate Share	Ending Values
Noncontributory						
Local Government	539,651,731	0.3589716%	1,937,196	434,223,527	0.3589716%	1,558,739
State School	2,888,859,809	0.00%	-	2,512,528,676	0.00%	-
Contributory						
Local Government	31,351,764	0.1538170%	-48,224	28,844,354	0.1538170%	44,368
State School	(379,446)	0.00%	-	10,964,846	-	-
Public Safety						
Other DIV A	163,738,262	0.00%	-	125,758,305	0.00%	-
State	221,378,464	0.00%	-	185,823,830	0.00%	-
SLC	80,946,728	0.00%	-	72,876,185	0.00%	-
Ogden	17,176,285	0.00%	-	16,593,951	0.00%	-
Provo	11,990,121	0.00%	-	10,123,567	0.00%	-
Logan	5,305,098	0.00%	-	4,968,069	0.00%	-
Bountiful	4,916,292	0.00%	-	4,953,805	0.00%	-
Other DIV B	51,507,005	0.00%	-	39,543,268	0.00%	-
Firefighters						
Other DIV A	1,495,075	0.00%	-	(5,706,385)	0.00%	-
Other DIV B	28,869,456	0.00%	-	(11,004,766)	0.00%	-
Judges	26,959,327	0.00%	-	28,450,908	0.00%	-
Governors & Legislators	1,716,048	0.00%	-	1,901,250	0.00%	-
Tier 2 Public Employees	601,295	0.00%	628	(3,030,447)	0.1043945%	(3,164)
Tier 2 PS and Firefighters	(590,529)	0.00%	-	(1,479,323)	0.00%	-
<b>Total</b>	<b>4,075,492,785</b>		<b>1,986,048</b>	<b>3,456,333,620</b>		<b>1,599,943</b>