

Housing Authority of the County of Erie

Single Audit

December 31, 2021

MaherDuessel

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HOUSING AUTHORITY OF THE COUNTY OF ERIE

YEAR ENDED DECEMBER 31, 2021

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Independent Auditor's Report

**Board of Directors
Housing Authority of the County of Erie**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Housing Authority of the County of Erie (Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the 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 financial position of the Authority, as of December 31, 2021, and the 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 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 the 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 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.

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 in 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 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 the 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 required supplementary information 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 supplementary information is 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 September 19, 2022 on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
September 19, 2022

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
Required Supplemental Information

The following Management's Discussion and Analysis (MD&A) of the Erie County Housing Authority (Authority) is to provide an introduction to the basic financial statements for the fiscal year ended December 31, 2021 with selected comparative information for the fiscal year ended December 31, 2020. This MD&A has been prepared by management and should be read in conjunction with the financial statements, notes to financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

1. The assets of the Authority exceeded its liabilities at the close of fiscal year 2021 by \$6,798,627 (net position). Of this amount, \$2,940,264 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. Capital assets increased by \$513,087 primarily from continued capital improvements.
3. Net position increased by \$564,846 for the fiscal year ended December 31, 2021 due mainly to an increase in total current assets.
4. Operating revenues decreased \$292,494 due to a decrease in CDBG program activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. The statement of net position presents information on all of the Authority's assets, deferred outflows and liabilities and deferred inflows and net position. Over time, the changes in net position usually serve as a useful indicator of whether the financial position of the Authority is improving. The statement of revenues, expenses, and changes in net position present information showing how the Authority's net position changed during the current fiscal year. This statement shows the total revenues and expenses of the Authority and the difference between them, the change in net position. The statement of cash flows presents the changes in cash resulting from operations, capital and financing activities, and investing activities. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
Required Supplemental Information

AUTHORITY ACTIVITY HIGHLIGHTS

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended December 31, 2021 and 2020:

	2021	2020
Operating revenues	\$ 8,018,156	\$ 8,310,650
Operating expenses	7,383,478	7,599,044
Operating Income	634,378	711,606
Non-Operating Revenue & Expenses, net	(446,653)	(430,401)
Capital Contributions	376,821	275,454
Change in net position	564,846	556,659
Total Net Position – Beginning of year	6,233,781	5,667,122
Prior period adjustments/transfers	-	-
Total Net Position – End of year	\$ 6,798,627	\$ 6,233,781

Operating revenues decreased by \$292,494 due to a decrease in CDBG program activities. Operating expenses decreased by \$215,566 primarily due to a decrease in maintenance contract expenditures.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended December 31, 2021 and 2020:

	2021	2020
Owned by Authority	195	195
Units under vouchers	1,054	1,054
Other vouchers	118	118
Total Housing Units Managed	1,367	1,367

The Section 8 Voucher lease up rate averaged 84 percent during the fiscal year ended December 31, 2021. It is anticipated that the program lease-up will remain the same during fiscal year 2022.

NET POSITION

Total net position increased from the previous year by \$564,846. The largest component of net position is *net investment in capital assets*. The following table shows how this amount is calculated for the fiscal years ended December 31, 2021 and 2020:

	2021	2020
Capital Assets	\$17,286,390	\$16,773,303
Less capital related debt	(480,763)	(512,411)
Less accumulated depreciation	(12,958,908)	(12,525,650)
Construction in progress	-0-	25,920
Total Net Investment In Capital Assets	\$ 3,846,719	\$ 3,761,162

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
Required Supplemental Information

CAPITAL ASSETS

Capital Assets is the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2021 and 2020:

	2021	2020
Land	\$ 431,477	\$ 431,477
Building and Improvements	15,547,058	15,076,122
Furniture and equipment – dwellings	739,013	737,789
Furniture and equipment – administration	568,842	527,915
Total	\$ 17,286,390	\$ 16,773,303
Less: accumulated depreciation	(12,958,908)	(12,525,650)
Construction in progress	-0-	25,920
Capital assets, net	\$ 4,327,482	\$ 4,273,573

FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets plus total deferred outflows less total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net position at December 31, 2021 and 2020:

	2021	2020
Assets		
Current assets	\$ 3,531,266	\$ 3,285,983
Non-Current Assets	\$ 82,242	\$ 0
Capital assets	\$ 4,327,482	4,273,573
Total assets	\$ 7,940,990	\$ 7,559,556
Deferred Outflows - Pension	\$ 282,334	\$ 463,895
Liabilities		
Current liabilities	\$ 312,558	\$ 427,691
Long-term liabilities	\$ 534,266	1,333,756
Total liabilities	\$ 846,824	\$ 1,761,447
Deferred Inflows -Pension	\$ 577,873	\$ 28,223
Net position		
Net investment in capital assets	\$ 3,846,719	\$ 3,761,162
Restricted	11,644	141,012
Unrestricted	2,940,264	2,331,607
Total net position	\$ 6,798,627	\$ 6,233,781

Restricted position represents the result of a HUD directive to classify the unspent HAP revenue as restricted for future HAP payments.

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
Required Supplemental Information

DEBT ADMINISTRATION

The Authority has a line of credit with a local bank in the amount of \$175,000. The outstanding balance of that line was \$0 at December 31, 2021.

A second line of credit is used to fund operating and repair expenses related to the three new rental properties received by Stairways Behavioral Health in the amount of \$30,000. The outstanding balance of the Line of Credit was \$10,200 at December 31, 2021.

With the purchase of the 50-Unit, Multi-Family property the Housing Authority acquired a new mortgage in the amount of \$700,000. The outstanding balance on that mortgage was \$480,763 at December 31, 2021.

ECONOMIC FACTORS

According to the most current information available from U.S. Department of Housing and Urban Development, the Public Housing operating subsidy and capital fund amounts are expected to stay the same in 2022. Section 8 administrative fees are also expected to remain the same. We will continue to monitor these funds and take corrective actions if there is any sign of shortfall.

REQUESTS FOR INFORMATION

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Beverly Weaver, Executive Director.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF NET POSITION

DECEMBER 31, 2021

Assets and Deferred Outflows of Resources	
Assets:	
Current assets:	
Cash - unrestricted	\$ 3,226,038
Cash - restricted	11,644
Cash - tenant security deposits	31,965
Total cash	3,269,647
Accounts receivable - other governments	172,218
Accounts receivable - miscellaneous	1,271
Accounts receivable - tenants	15,471
Prepaid expenses and other assets	11,458
Inventories	61,201
Total current assets	3,531,266
Noncurrent assets:	
Capital assets, non-depreciable	431,477
Capital assets, depreciable net of accumulated depreciation	3,896,005
Net pension asset	82,242
Total noncurrent assets	4,409,724
Total Assets	7,940,990
Deferred Outflows of Resources:	
Deferred outflows of resources for pension	282,334
Total Assets and Deferred Outflows of Resources	\$ 8,223,324

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF NET POSITION

DECEMBER 31, 2021

(Continued)

Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 103,911
Accrued wages and payroll taxes	2,291
Accrued compensated absences - current	74,248
Accounts payable - PHA projects	396
Accounts payable - other government	60,278
Tenant security deposits	31,965
Current portion of long-term debt	29,269
Loan liability - current	10,200
Total current liabilities	<u>312,558</u>
Noncurrent liabilities:	
Accrued compensated absences - non-current	82,772
Long-term debt, net of current portion	451,494
Total noncurrent liabilities	<u>534,266</u>
Total Liabilities	<u>846,824</u>
Deferred Inflows of Resources:	
Deferred inflows of resources for pension	<u>577,873</u>
Net Position:	
Net investment in capital assets	3,846,719
Restricted	11,644
Unrestricted	2,940,264
Total Net Position	<u>6,798,627</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 8,223,324</u></u>

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2021

Operating Revenues:

Net tenant revenue	\$ 952,494
HUD PHA operating grants	5,957,967
Other governmental grants	733,776
Other revenue	<u>373,919</u>
Total operating revenues	<u>8,018,156</u>

Operating Expenses:

Housing assistance payments	4,223,533
Administrative	1,369,881
Tenant services	29,275
Utilities	335,780
Maintenance and operations	1,182,278
Insurance premiums	111,140
Other general expenses	<u>131,591</u>
Total operating expenses	<u>7,383,478</u>

Operating Income (Loss)

634,678

Non-Operating Revenues (Expenses):

Gain (loss) on sale of capital assets	2,195
Investment income - unrestricted	2,892
Investment income - restricted	13
Interest expense	(15,415)
Depreciation expense	<u>(436,338)</u>
Total non-operating revenues (expenses)	<u>(446,653)</u>

Capital Contributions:

HUD capital grants	<u>376,821</u>
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Change in Net Position

564,846

Net position - beginning	<u>6,233,781</u>
Net position - ending	<u><u>\$ 6,798,627</u></u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities:

Operating grants received	\$ 6,684,483
Receipts from tenants	942,954
Other receipts	398,929
Payments to vendors for goods and services	(1,517,644)
Payments to employees and professionals	(1,865,523)
Housing assistance payments	(4,223,533)
	<hr/>
Net cash provided by (used in) operating activities	419,666

Cash Flows From Capital and Related Financing Activities:

HUD capital grants	376,821
Proceeds from sale of capital assets	6,304
Interest paid on long-term debt and lines of credit	(15,415)
Principal paid on lines of credit	(5,250)
Principal paid on long-term debt	(31,648)
Purchases and construction of capital assets	(494,356)
	<hr/>
Net cash provided by (used in) capital and related financing activities	(163,544)

Cash Flows From Investing Activities:

Interest income	2,905
	<hr/>

Net Increase (Decrease) in Cash

259,027

Cash:

Beginning of year	3,010,620
	<hr/>
End of year	\$ 3,269,647
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(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021
(Continued)

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:

Operating income (loss)	\$ 634,678
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
Accounts receivable	6,489
Prepaid expenses and other assets	126
Inventories	7,129
Deferred inflows/outflows of resources for pension	731,211
Accounts payable	(1,295)
Accrued payroll and related taxes	(3,094)
Accrued compensated absences	20,142
Tenant security deposits	(1,485)
Unearned revenue	(117,952)
Net pension liability/asset	(856,283)
Total adjustments	(215,012)
Net cash provided by (used in) operating activities	\$ 419,666

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

The Housing Authority of the County of Erie (Authority) was created and organized under the provisions of the Housing Authority Law of 1937 by the Commonwealth of Pennsylvania to administer housing and related programs for eligible low-income families and the elderly. Members of the Board of Directors are appointed by the County of Erie (County) and have complete authority over the operations and administration of the Authority's activities, subject to certain guidelines of the Department of Housing and Urban Development (HUD). The Authority is not considered to be a component unit of the County because, although the County appoints the governing body of the Authority, the County cannot impose its will on the Authority, and there is no financial burden or benefit relationship between the County and the Authority.

Basis of Accounting

The Authority is accounted for as a proprietary fund and is considered to be an Enterprise Fund and, as such, uses the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Enterprise Fund of the Authority is made up of the following programs:

Low-Income Public Housing: Under the Low-Income Public Housing (LIPH) Program, the Authority rents apartments that it owns to low-income households. The LIPH Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy funding to enable the Public Housing Authority (PHA) to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program: Under the Capital Fund Program, the Authority receives funding to rehabilitate and repair existing housing stock and to develop new housing. The Capital Fund Program operates under annual grants from HUD. These grants are formula based and not competitive awards. The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties.

Section 8 New Construction: A program of Housing Assistance Payments administered by the Authority under the New Construction Section 8 Program.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

South Hill: This program consists of a 50-unit, multi-family property. The Authority administers a housing assistance payment contract at this property.

Housing Choice Voucher Program: Under the Housing Choice Voucher (HCV) Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The HCV Program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participant's rent at 30% of household income.

Weatherization Programs: The weatherization programs consist of funds received from the Low-Income Home Energy Assistance program, the Weatherization Assistance for Low-Income Persons program, the Erie County Home Repair and Weatherization Interface Project, and the Utility Weatherization Program. The goal of these programs is to provide assistance and energy education to low-income owners or renters that are in need of improvements to reduce energy usage.

Community Development Block Grant: Represents grant funds that are passed through the Commonwealth of Pennsylvania and used for community development projects.

Business Activities: The Authority owns three single-family homes that it leases to qualifying, low-income applicants that are considered business activities of the Authority.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of the Authority. Operating revenues consist of users' fees and governmental grants. Non-operating revenues and expenses consist of those revenues and expenses relating to capital items and investment income.

Budgets

The Authority's activities are governed by budgets which are established by the Board of Directors and are reviewed by its grantor agencies, chiefly HUD.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

Accounts Receivable

The Authority records the total amount of revenue billed or accrued in accounts receivable. The portion of accounts receivable not expected to be collected is offset by an allowance for uncollectible accounts, estimated based on historical experience. Accounts deemed uncollectible are written off during the year as approved by the Board of Directors. Recoveries of accounts receivable previously written off are recorded when received.

Prepaid Expenses

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid expenses in the financial statements. The cost of prepaid items is recorded as an expense when consumed.

Inventories

Inventories consist of expendable supplies held for consumption. They are valued at cost using the first-in, first-out method. Expenditures are recorded at the end of the fiscal year to reflect physical counts and supplies used (consumption method). Inventory balances relate entirely to the weatherization programs.

Capital Assets

All assets that exceed the Authority's capitalization policy threshold of \$5,000 are stated at cost and include improvements that extend the physical or economic life of the asset. Hard modernization costs, the purchase of capital assets, and the major construction or improvements to public housing property, are capitalized. Soft modernization costs, which do not extend the useful life of an asset, along with routine repair and maintenance costs, are charged to operations as incurred.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Depreciation is provided on a straight-line basis over the estimated useful lives of the individual assets concerned as follows:

Buildings	40 years
Building improvements	15 Years
Furniture, equipment, and machinery	7 Years

Compensated Absences

Unused employee vacation time is accumulated and paid upon resignation, retirement, or termination. The amount of the compensated absence liability is accrued and expensed as earned. Unused sick leave is not paid and, therefore, is not subject to accrual.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classifications of Net Position

The following are the three categories of net position:

- Net investment in capital assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- Restricted – This component of net position consists of constraints placed on use of assets through external restrictions. Restricted net position for the year ended December 31, 2021 consisted of Section 8 Housing Choice Voucher funds that must be used for activities related to the provision of tenant-based rental assistance.
- Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Authority currently has deferred outflows related to its pension (Note 7) reported on the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority currently has deferred inflows related to its pension (Note 7) reported on the statement of net position.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) statement was adopted for the year ended December 31, 2021: Statement No. 89 (Accounting for Interest Cost). This statement had no significant impact on the Authority's financial statements for the year ended December 31, 2021.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

2. Cash

Statutes allow the Authority to invest in direct obligations of the federal government backed by the full faith and credit of the United States of America, obligations of federal government agencies, securities of government-sponsored agencies, commercial paper, bankers' acceptances, and demand and savings deposits. The Authority's depositories are required by statute to continuously and fully secure all deposits in excess of the amounts insured under federal or state plans by the deposit or setting aside of collateral of the types, and in the manner as is prescribed by state law for the security of public funds. Such collateral shall, at all times, be of a market value at least equal to the amount of deposits so secured.

The following is a description of the Authority's deposit risks:

Custodial Credit Risk – For a deposit, 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 formal deposit policy for custodial credit risk.

As of December 31, 2021, \$668,668 of the Authority's \$3,269,648 bank balance was insured by the Federal Deposit Insurance Corporation and National Credit Union Administration. The remaining bank balance was exposed to custodial credit risk, which is collateralized in

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had a carrying amount of \$3,269,647 as of December 31, 2021.

Restricted Cash

Cash was restricted at December 31, 2021 for the following purpose:

Housing assistance payments	\$	11,644
Tenant security deposits		<u>31,965</u>
Total	\$	<u><u>43,609</u></u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

3. Capital Assets

A summary of changes in capital assets during 2021 is as follows:

	December 31, 2020	Increases	Decreases	December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 431,477	\$ -	\$ -	\$ 431,477
Construction in progress	25,920	-	(25,920)	-
Total capital assets not being depreciated	457,397	-	(25,920)	431,477
Capital assets being depreciated:				
Buildings	15,076,122	470,936	-	15,547,058
Furniture, equipment, and machinery - dwellings	737,789	1,224	-	739,013
Furniture, equipment, and machinery - administration	527,915	48,116	(7,189)	568,842
Total capital assets, being depreciated	16,341,826	520,276	(7,189)	16,854,913
Less accumulated depreciation	(12,525,650)	(436,338)	3,080	(12,958,908)
Total capital assets being depreciated, net	3,816,176	83,938	(4,109)	3,896,005
Total capital assets	<u>\$ 4,273,573</u>	<u>\$ 83,938</u>	<u>\$ (30,029)</u>	<u>\$ 4,327,482</u>

4. Long-Term Liabilities

Mortgage Payable

On December 1, 2017, the Authority entered into a mortgage agreement with a local bank to fund the purchase of a multi-family housing property located in Corry, Pennsylvania. The mortgage matures in 2037 and requires monthly principal and interest payments. The mortgage bears interest at 2.95% for the first 60 months and bears interest at the First National Bank cost of funds rate plus 2.15% for the final 180 months of the loan term. The related property collateralizes the loan. In the event of default, the lender has the right to the following remedies: accelerate payment of the outstanding principal, collection of rents, and possession of the collateral. The Authority has made additional principal payments on the mortgage in both the current and prior years.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

A summary of future payments on the Authority's mortgage payable is as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 29,269	\$ 17,287	\$ 46,556
2023	28,148	21,406	49,554
2024	29,207	20,347	49,554
2025	30,424	19,130	49,554
2026	31,631	17,923	49,554
2027-2031	177,955	69,812	247,767
2032-2035	154,129	32,615	186,744
Total long-term debt	<u>\$ 480,763</u>	<u>\$ 198,520</u>	<u>\$ 679,283</u>

The schedule of changes in long-term liability activity for the year ended December 31, 2021 is presented below:

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021	Due Within One Year
Mortgage payable	\$ 512,411	\$ -	\$ (31,648)	\$ 480,763	\$ 29,269
Compensated absences	136,878	21,186	(1,044)	157,020	74,248
	<u>\$ 649,289</u>	<u>\$ 21,186</u>	<u>\$ (32,692)</u>	<u>\$ 637,783</u>	<u>\$ 103,517</u>

5. Lines of Credit

The Authority maintains a line of credit of \$175,000 with a local bank to provide short-term working capital. The line is renewed annually. The interest rate on borrowed funds is the Prime Rate plus 0.5% times 68%. As of December 31, 2021, the rate on the line was 2.55% and there was no outstanding balance.

The Authority maintains another \$30,000 line of credit with a local bank to provide short-term working capital. The line is renewed annually. The interest rate on borrowed funds is the Prime Rate plus 0.5%. As of December 31, 2021, the rate on the line was 3.75% and there was a \$10,200 outstanding balance. The Authority intends to repay the outstanding

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

balance in 2022; as such, the entire balance is classified as a current liability. In the event of default lenders have the right to receive the collateralized property.

6. Deferred Compensation Plan

Employees of the Authority may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457. Beginning in 2020, the Authority created a second deferred compensation that allows Roth contributions (collectively, “plans”).

The plans are available to all full-time employees of the Authority. As part of its fiduciary role, the Authority has an obligation of due care in selecting the third-party administrator. Under the plans, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Participation in the plans is voluntary, and the Authority does not contribute to the plans. During 2021, employees of the Authority contributed \$15,220 to the plans.

7. Pension Plan

Plan Description

The Authority established a pension plan (Plan) for its employees by resolution effective February 3, 1988. The Plan was subsequently amended; the latest pension agreement was effective January 1, 2016. The Plan is part of the Pennsylvania Municipal Retirement System (PMRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for municipalities and authorities. The Plan operates on a calendar year basis.

Plan provisions are established by municipal ordinance with the Authority for municipal contributions required by Act 205 of the Commonwealth (the Act). All permanent, full-time employees are eligible to participate in the Plan. An employee is fully vested after eight years. The normal retirement age is 60 years of age or older. However, participants are eligible for early retirement at age 55, provided they have achieved 20 years of credit

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

service. Benefits will be actuarially reduced for each year or partial year thereof prior to age 55 that early retirement takes place. The basic annual benefit shall be equal to 1% of the member's final average salary multiplied by all years of credited service. Final average salary shall be calculated based upon the highest three-year average salary. At retirement, a member may select a reduced joint annuitant benefit. There shall be no offset for Social Security benefits received. Members shall contribute 3% of their total compensation in a manner consistent with Board-established policy. The Authority is required to contribute the remaining amount necessary to fund the plan, using the actuarial basis specified by statute.

A 50% service-related disability benefit is provided to a member who is unable to perform gainful employment. A 30% non-service-related disability benefit is provided to a member who has at least ten years of service and who is unable to perform gainful employment.

Per the latest available demographic information, December 31, 2020, employee membership data related to the Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>25</u>
Total plan members	<u><u>46</u></u>

Contribution and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. For the year ended December 31, 2021, the Authority contributed the funds necessary to meet the MMO for the Plan in the amount of \$100,178.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Changes in the Net Pension Liability

The changes in the Authority's net pension liability based on a measurement date of December 31, 2020 are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at December 31, 2019	\$ 4,814,810	\$ 4,669,038	\$ 145,772
Changes for the year:			
Service cost	68,204	-	68,204
Interest	249,842	-	249,842
Changes in assumptions	103,059	-	103,059
Differences between expected and actual experience	(193,602)	-	(193,602)
Contributions - employer	-	89,730	(89,730)
Contributions - PMRS assessment	-	1,040	(1,040)
Contributions - employee	-	30,289	(30,289)
Net investment income	-	345,406	(345,406)
Benefit payments	(251,436)	(251,436)	-
Administrative expense	-	(10,948)	10,948
Balances at December 31, 2020	<u>\$ 4,790,877</u>	<u>\$ 4,873,119</u>	<u>\$ (82,242)</u>
Plan fiduciary net position as a percentage of the total net pension liability			<u>101.72%</u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2021, with liabilities measured at December 31, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	5.25%
Projected salary increases	2.8% - 7.05%*
* includes inflation rate of 2.8%	
Post-retirement cost-of-living adjustments	2.8%, subject to plan limitations

Actuarial assumptions based on PMRS Experience Study for the period January 1, 2014 to December 31, 2018

Pre-retirement mortality:

Males: RP 2000 Male Non-Annuitant table projected 15 years with Scale AA
Females: RP 2000 Female Non-Annuitant table projected 15 years with Scale AA and then set back 5 years

Post-retirement mortality:

Males: RP 2000 Male Annuitant table projected 5 years with Scale AA
Females: RP 2000 Female Annuitant table projected 10 years with Scale AA

Long-Term Expected Rate of Return – The PMRS System's (System) long-term expected rate of return on plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole, and at different levels of probability or confidence. There are four steps to the method:

1. Expected future real rates of return are based primarily on the 20-year historic nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the PMRS Board's opinion, any such asset classes are expected in the future to significantly vary from its 20-year historical returns.
2. The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 3% to produce real rates of return.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

3. The real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations. The results from steps 1 through 3 are presented in the chart labeled "System Nominal and Real Rates of Return by Asset Class."
4. These weighted real rates of return are then subjected to a probability simulation to understand the likelihood of success in achieving various portfolio return levels. Based on the most recent asset allocation study, the minimum acceptable confidence level for the PMRS Board has been determined to be 70%. The chart labeled "Confidence Levels for System Nominal and Real Rates of Return" identifies simulated portfolio returns at various confidence levels.

Discount Rate. The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Authority's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the Net Pension Liability (asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Plan calculated using the discount rates described above, as well as what the Plan's net pension liabilities (asset) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

1% Decrease 4.25	Current Discount Rate 5.25%	1% Increase 6.25%
<u>\$ 452,892</u>	<u>\$ (82,242)</u>	<u>\$ (329,378)</u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended December 31, 2021, the Authority recognized pension expense of \$-125,072. At December 31, 2021, the Authority 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	\$ 75,521	\$ 154,882
Pension contributions subsequent to measurement date	100,178	-
Change in assumptions	106,635	-
Net difference between projected and actual earnings on pension plan investments	-	422,991
Total	<u>\$ 282,334</u>	<u>\$ 577,873</u>

\$100,178 reported as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2021	\$ 121,834
2022	68,628
2023	163,549
2024	41,707
	<u>\$ 395,718</u>

8. Risk Management

The Authority faces exposure to various forms of risk of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, as well as medical benefits provided to employees. It carries commercial

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

insurance coverage for risks to the extent as deemed prudent by the Authority's management. Settled claims relating to the commercial insurance have not exceeded the insurance coverage in the past three fiscal years.

9. Commitments and Contingencies

The Authority is economically dependent on receiving operating subsidies and grant funding from HUD. The Authority's ability to maintain or improve operations would be severely impacted by a material reduction in HUD funds. Reductions in operating subsidies could occur in calendar year 2022, but any such reductions are not currently expected to have an immediate material adverse impact to the Authority.

The Authority's grant programs are subject to review by the funding sources. Such reviews could result in amounts that may require repayment upon final settlement.

The operations of the Authority are subject to the administrative directives, rules, and regulations of HUD that are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost to comply with a change.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31*

	2021	2020**	2019	2018	2017	2016	2015
Total Pension Liability:							
Service cost	\$ 68,204	\$ 62,998	\$ 63,089	\$ 64,685	\$ 62,399	\$ 73,215	\$ 85,986
Interest	249,842	246,754	236,993	235,736	233,551	228,966	226,445
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(193,602)	-	153,565	-	84,580	-	165,642
Changes of assumptions	103,059	-	-	-	114,831	35,370	-
Transfers	-	-	-	-	-	-	(372,337)
Benefit payments, including refunds of employee contributions	(251,436)	(260,709)	(274,370)	(275,385)	(232,682)	(253,779)	(208,430)
Net Changes in Total Pension Liability	(23,933)	49,043	179,277	25,036	262,679	83,772	(102,694)
Total Pension Liability - Beginning	4,814,810	4,765,767	4,586,490	4,561,454	4,298,775	4,215,003	4,317,697
Total Pension Liability - Ending (a)	<u>\$ 4,790,877</u>	<u>\$ 4,814,810</u>	<u>\$ 4,765,767</u>	<u>\$ 4,586,490</u>	<u>\$ 4,561,454</u>	<u>\$ 4,298,775</u>	<u>\$ 4,215,003</u>
Plan Fiduciary Net Position:							
Employer contributions	\$ 89,730	\$ 87,225	\$ 76,311	\$ 104,894	\$ 86,773	\$ 87,358	\$ 74,527
Employee contributions	31,329	28,957	29,963	30,676	30,847	31,810	30,750
Net investment income	345,406	830,467	(117,653)	661,590	335,425	82	285,316
Transfers	-	-	-	-	-	-	(372,337)
Benefit payments, including refunds of employee contributions	(251,436)	(260,709)	(274,370)	(275,385)	(232,682)	(253,779)	(208,430)
Administrative expense	(10,948)	(8,628)	(10,017)	(10,308)	(11,082)	(9,335)	(8,422)
Net Change in Plan Fiduciary Net Position	204,081	677,312	(295,766)	511,467	209,281	(143,864)	(198,596)
Plan Fiduciary Net Position - Beginning	4,669,038	3,991,726	4,287,492	3,776,025	3,566,744	3,710,608	3,909,204
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,873,119</u>	<u>\$ 4,669,038</u>	<u>\$ 3,991,726</u>	<u>\$ 4,287,492</u>	<u>\$ 3,776,025</u>	<u>\$ 3,566,744</u>	<u>\$ 3,710,608</u>
Net Pension Liability - Ending (a-b)	<u>\$ (82,242)</u>	<u>\$ 145,772</u>	<u>\$ 774,041</u>	<u>\$ 298,998</u>	<u>\$ 785,429</u>	<u>\$ 732,031</u>	<u>\$ 504,395</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>101.72%</u>	<u>96.97%</u>	<u>83.76%</u>	<u>93.48%</u>	<u>82.78%</u>	<u>82.97%</u>	<u>88.03%</u>
Covered Payroll	<u>\$ 1,009,614</u>	<u>\$ 965,432</u>	<u>\$ 965,432</u>	<u>\$ 989,855</u>	<u>\$ 1,028,776</u>	<u>\$ 1,060,338</u>	<u>\$ 1,222,304</u>
Net Pension Liability as a Percentage of Covered Payroll	-8.15%	15.10%	80.18%	30.21%	76.35%	69.04%	41.27%

* The amounts presented for each fiscal year were determined as of the measurement date, which is December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

** Due to delays in receiving information from PMRS, the Authority has reported their net pension liability and related items based on the latest available information as of the date of this report. Updated information will be provided in future reports. The Authority has evaluated the information provided and considers the net pension liability and related items as reported on the statement of financial position to be a reasonable estimate of the

See accompanying notes to required supplementary information.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31¹

<u>Schedule of Contributions</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 100,178	\$ 90,690	\$ 88,165	\$ 77,251	\$ 105,814	\$ 86,673	\$ 87,338
Contributions in relation to the actuarially determined contribution	<u>100,178</u>	<u>90,690</u>	<u>88,165</u>	<u>77,251</u>	<u>105,814</u>	<u>86,773</u>	<u>87,358</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100)</u>	<u>\$ (20)</u>
Covered payroll	<u>\$ 1,009,614</u>	<u>\$ 965,432</u>	<u>\$ 965,432</u>	<u>\$ 959,564</u>	<u>\$ 986,250</u>	<u>\$ 1,028,776</u>	<u>\$ 1,060,338</u>
Contributions as a percentage of covered employee payroll	9.92%	9.39%	9.13%	8.05%	10.73%	8.43%	8.24%
 <u>Investment Returns</u>							
Annual money-weighted rate of return, net of investment expense	-4.57% *	-4.57% *	-4.57%	17.84%	8.23%	-0.27%	5.20%

¹ The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/2020
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar based upon amortization periods
Asset valuation method	Based upon municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.80%
Pre- and post-mortality	
assumptions:	Males - RP 2000 non-annuitant male table projected 15 years with scale AA Females - RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years Post Mortality - Males - RP2000 annuitant male table projected 5 years with scale AA Post Mortality - Females - RP2000 annuitant male table projected 10 years with scale AA
Retirement age	Age 60; for employees over age 60, immediate retirement is assumed

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

Benefit Changes

No benefit terms were modified.

Changes in Actuarial Assumptions

Investment return assumption for municipal assets decreased from 5.50% for 2016 and 2015 to 5.25% for 2017 through 2021.

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2021	Description	Low Rent/CFP 14.850/14.872	Public Housing Cares Act Funding 14.PHC	Housing Choice 14.871	HCV Cares Act Funding 14.HCC	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
111	Cash - unrestricted	869,199	-	1,012,074	-	928,373	266,154	2,500	123,563	-	24,175	3,226,038	-	3,226,038
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	11,644	-	-	-	-	-	-	-	11,644	-	11,644
114	Cash - tenant security deposits	20,926	-	-	-	7,580	3,102	-	-	-	357	31,965	-	31,965
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	890,125	-	1,023,718	-	935,953	269,256	2,500	123,563	-	24,532	3,269,647	-	3,269,647
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-	-	-	-	-	-
124	Account receivable - other government	-	-	-	-	-	-	3,544	36,348	132,326	-	172,218	-	172,218
125	Account receivable - miscellaneous	-	-	-	-	-	-	-	1,271	-	-	1,271	-	1,271
126	Accounts receivable - tenants	6,327	-	-	-	3,354	5,790	-	-	-	-	15,471	-	15,471
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowance for doubtful accounts	6,327	-	-	-	3,354	5,790	3,544	37,619	132,326	-	188,960	-	188,960
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	5,566	-	744	-	1,653	1,266	-	1,745	357	127	11,458	-	11,458
143	Inventories	-	-	-	-	-	-	-	61,201	-	-	61,201	-	61,201
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	-	-	3,244	-	-	-	-	-	3,244	(3,244)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	902,018	-	1,024,462	-	944,204	276,312	6,044	224,128	132,683	24,659	3,534,510	(3,244)	3,531,266
161	Land	359,361	-	-	-	-	26,016	-	-	-	46,100	431,477	-	431,477
162	Buildings	12,278,649	-	-	-	2,397,654	655,780	-	58,975	-	156,000	15,547,058	-	15,547,058
163	Furniture, equipment and machinery - dwellings	634,032	-	-	-	73,425	-	-	-	-	31,556	739,013	-	739,013
164	Furniture, equipment and machinery - administration	206,884	-	52,858	-	143,824	-	-	165,276	-	-	568,842	-	568,842
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(10,409,553)	-	(12,312)	-	(2,244,802)	(70,007)	-	(176,067)	-	(46,167)	(12,958,908)	-	(12,958,908)
167	Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	3,069,373	-	40,546	-	370,101	611,789	-	48,184	-	187,489	4,327,482	-	4,327,482
171	Notes, loans, & mortgages receivable - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-
172	Notes, loans, & mortgages receivable - non-current - past due	-	-	-	-	-	-	-	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other assets	21,747	-	17,379	-	9,649	3,497	-	20,396	9,574	-	82,242	-	82,242
176	Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-current Assets	3,091,120	-	57,925	-	379,750	615,286	-	68,580	9,574	187,489	4,409,724	-	4,409,724
190	Total Assets	3,993,138	-	1,082,387	-	1,323,954	891,598	6,044	292,708	142,257	212,148	7,944,234	(3,244)	7,940,990
200	Deferred Outflow of Resources	74,655	-	59,663	-	33,125	12,004	-	70,019	32,868	-	282,334	-	282,334
290	Total Assets and Deferred Outflow of Resources	4,067,793	-	1,142,050	-	1,357,079	903,602	6,044	362,727	175,125	212,148	8,226,568	(3,244)	8,223,324

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2021	Description	Low Rent/CFP 14.850/14.872	Public Housing Cares Act Funding 14.PHC	Housing Choice 14.871	HCV Cares Act Funding 14.HCC	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-
312	Accounts payable <= 90 days	18,531	-	3,787	-	8,033	4,833	300	17,871	49,858	698	103,911	-	103,911
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	2,291	-	-	-	-	-	2,291	-	2,291
322	Accrued compensated absences - current portion	20,194	-	27,221	-	11,249	4,739	-	5,314	5,531	-	74,248	-	74,248
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-	-	396	-	-	-	-	-	-	-	396	-	396
333	Accounts payable - other government	42,011	-	-	-	15,761	6	2,500	-	-	-	60,278	-	60,278
341	Tenant security deposits	20,926	-	-	-	7,580	3,102	-	-	-	357	31,965	-	31,965
342	Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	-	29,269	-	-	-	-	29,269	-	29,269
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	-	-	-	-	-	-	3,244	-	-	-	3,244	(3,244)	-
348	Loan liability - current	-	-	-	-	-	-	-	-	-	10,200	10,200	-	10,200
310	Total Current Liabilities	101,662	-	31,404	-	44,914	41,949	6,044	23,185	55,389	11,255	315,802	(3,244)	312,558
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	-	-	451,494	-	-	-	-	451,494	-	451,494
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	22,513	-	30,346	-	12,540	5,283	-	5,924	6,166	-	82,772	-	82,772
355	Loan liability - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	22,513	-	30,346	-	12,540	456,777	-	5,924	6,166	-	534,266	-	534,266
300	Total Liabilities	124,175	-	61,750	-	57,454	498,726	6,044	29,109	61,555	11,255	850,068	(3,244)	846,824
400	Deferred Inflow of Resources	152,802	-	122,116	-	67,800	24,570	-	143,312	67,273	-	577,873	-	577,873
508.1	Net Investment in Capital Assets	3,069,373	-	40,546	-	370,101	131,026	-	48,184	-	187,489	3,846,719	-	3,846,719
511.1	Restricted Net Position	-	-	11,644	-	-	-	-	-	-	-	11,644	-	11,644
512.1	Unrestricted Net Position	721,443	-	905,994	-	861,724	249,280	-	142,122	46,297	13,404	2,940,264	-	2,940,264
513	Total Equity - Net Position	3,790,816	-	958,184	-	1,231,825	380,306	-	190,306	46,297	200,893	6,798,627	-	6,798,627
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	4,067,793	-	1,142,050	-	1,357,079	903,602	6,044	362,727	175,125	212,148	8,226,568	(3,244)	8,223,324

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**
FINANCIAL DATA SCHEDULES

2021	Description	Low Rent 14.850	CFP 14.872	Public Housing Cares Act Funding 14.PHC	Housing Choice 14.871	HCV Cares Act Funding 14.HCC	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
70300	Net tenant rental revenue	606,144	-	-	-	-	245,240	49,528	-	-	-	16,643	917,555	-	917,555
70400	Tenant revenue - other	7,686	-	-	-	-	2,380	9,711	-	-	-	15,162	34,939	-	34,939
70500	Total Tenant Revenue	613,830	-	-	-	-	247,620	59,239	-	-	-	31,805	952,494	-	952,494
70600-010	Housing assistance payments				4,059,549								-	-	-
70600-020	Ongoing administrative fees earned				676,402								-	-	-
70600-030	Hard to house fee revenue				-								-	-	-
70600-060	All other fees				-								-	-	-
70600	HUD PHA operating grants	471,019	119,017	-	4,735,951	117,952	273,895	240,133	-	-	-	-	5,957,967	-	5,957,967
70610	Capital grants	-	376,821	-	-	-	-	-	-	-	-	-	376,821	-	376,821
70800	Other government grants	-	-	-	-	-	-	-	160,215	204,276	369,285	-	733,776	-	733,776
71100	Investment income - unrestricted	513	-	-	1,809	-	406	150	-	-	-	14	2,892	-	2,892
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	21,852	-	-	-	-	-	-	-	21,852	-	21,852
71500	Other revenue	15,492	-	-	26,383	-	727	6,333	-	299,279	-	3,853	352,067	-	352,067
71600	Gain or loss on sale of capital assets	2,195	-	-	-	-	-	-	-	-	-	-	2,195	-	2,195
72000	Investment income - restricted	13	-	-	-	-	-	-	-	-	-	-	13	-	13
70000	Total Revenue	1,103,062	495,838	-	4,785,995	117,952	522,648	305,855	160,215	503,555	369,285	35,672	8,400,077	-	8,400,077
91100	Administrative salaries	31,530	65,459	-	232,509	67,810	110,827	34,237	18,859	151,765	61,607	1,736	776,339	-	776,339
91200	Auditing fees	3,009	-	-	19,280	-	1,049	1,908	2,082	1,098	899	-	29,325	-	29,325
91300	Management fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	12,212	53,558	-	113,893	16,174	48,011	11,959	-	-	-	641	256,448	-	256,448
91600	Office expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91700	Legal expense	5,506	-	-	20,334	-	-	-	-	-	-	-	-	-	-
91800	Travel	21,711	-	-	4,896	-	202	-	-	-	-	5,920	31,760	-	31,760
91810	Allocated Overhead	42,052	-	-	42,926	-	19,499	6,829	-	-	-	408	111,714	-	111,714
91900	Other	31,931	-	-	17,745	-	9,172	4,694	2,422	63,424	6,544	1,554	137,486	-	137,486
91000	Total Operating-Administrative	147,951	119,017	-	451,583	83,984	188,760	59,627	23,363	216,287	69,050	10,259	1,369,881	-	1,369,881
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	499	-	3,671	-	25,105	-	-	-	-	-	-	29,275	-	29,275
92500	Total Tenant Services	499	-	3,671	-	25,105	-	-	-	-	-	-	29,275	-	29,275
93100	Water	49,332	-	-	-	-	21,100	19,223	-	-	-	355	90,010	-	90,010
93200	Electricity	63,773	-	-	-	-	41,451	9,385	-	-	-	1,357	115,966	-	115,966
93300	Gas	15,575	-	-	-	-	-	-	-	-	-	429	16,004	-	16,004
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	63,135	-	-	-	-	26,860	23,331	-	-	-	474	113,800	-	113,800
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	191,815	-	-	-	-	89,411	51,939	-	-	-	2,615	335,780	-	335,780
94100	Ordinary maintenance and operations - labor	205,493	-	-	-	-	27,240	19,312	-	116,610	74,488	1,614	444,757	-	444,757
94200	Ordinary maintenance and operations - materials and other	65,155	-	-	-	-	19,637	12,548	-	146,024	163,530	1,161	408,055	-	408,055
94300	Ordinary Maintenance and Operations Contracts	74,695	-	-	-	-	17,727	15,282	136,852	-	-	2,863	247,419	-	247,419
94500	Employee benefit contribution - ordinary maintenance	61,649	-	-	-	-	11,072	8,731	-	-	-	595	82,047	-	82,047
94000	Total Maintenance and Operations	406,992	-	-	-	-	75,676	55,873	136,852	262,634	238,018	6,233	1,182,278	-	1,182,278

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**
FINANCIAL DATA SCHEDULES

2021	Description	Low Rent 14.850	CFP 14.872	Public Housing Cares Act Funding 14.PHC	Housing Choice 14.871	HCV Cares Act Funding 14.HCC	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96110	Property insurance	65,648	-	-	-	-	19,004	14,960	-	-	-	1,504	101,116	-	101,116
96120	Liability insurance	2,051	-	-	-	-	475	598	-	5,689	1,149	62	10,024	-	10,024
96130	Workmen's compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96100	Total Insurance Premiums	67,699	-	-	-	-	19,479	15,558	-	5,689	1,149	1,566	111,140	-	111,140
96200	Other general expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96210	Compensated absences	21,504	-	-	25,692	-	12,667	4,271	-	7,753	8,069	-	79,956	-	79,956
96300	Payments in lieu of taxes	28,905	-	-	-	-	15,583	-	-	-	-	-	44,488	-	44,488
96400	Bad debt - tenant rents	3,645	-	-	-	-	-	3,502	-	-	-	-	7,147	-	7,147
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	54,054	-	-	25,692	-	28,250	7,773	-	7,753	8,069	-	131,591	-	131,591
96710	Interest of mortgage (or bonds) payable	-	-	-	-	-	-	14,908	-	-	-	-	14,908	-	14,908
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-	-	-	-	-	507	507	-	507
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96700	Total Interest expense and amortization cost	-	-	-	-	-	-	14,908	-	-	-	507	15,415	-	15,415
96900	Total Operating Expenses	869,010	119,017	3,671	477,275	109,089	401,576	205,678	160,215	492,363	316,286	21,180	3,175,360	-	3,175,360
97000	Excess Revenue Over Operating Expenses	234,052	376,821	(3,671)	4,308,720	8,863	121,072	100,177	-	11,192	52,999	14,492	5,224,717	-	5,224,717
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-010	Mainstream 1 & 5 year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-020	Home-Ownership	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-025	Litigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-035	Moving to Work	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-041	Portability Out	-	-	-	35,449	-	-	-	-	-	-	-	-	-	-
97300-045	FSS Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	-	-	-	4,164,394	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	4,199,843	-	-	-	-	-	-	-	4,199,843	-	4,199,843
97350	HAP Portability-In	-	-	-	23,690	-	-	-	-	-	-	-	23,690	-	23,690
97400	Depreciation expense	196,127	163,306	-	7,551	-	39,048	18,483	-	2,472	-	9,351	436,338	-	436,338
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	1,065,137	282,323	3,671	4,708,359	109,089	440,624	224,161	160,215	494,835	316,286	30,531	7,835,231	-	7,835,231
10010	Operating transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers between programs and projects in	-	-	3,671	-	-	-	-	-	-	-	-	3,671	(3,671)	-
10094	Transfers between programs and projects out	(3,671)	-	-	-	-	-	-	-	-	-	-	(3,671)	3,671	-
10100	Total other financing sources (uses)	(3,671)	-	3,671	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	34,254	213,515	-	77,636	8,863	82,024	81,694	-	8,720	52,999	5,141	564,846	-	564,846

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**
FINANCIAL DATA SCHEDULES

2021	Description	Low Rent 14.850	CFP 14.872	Public Housing Cares Act Funding 14.PHC	Housing Choice 14.871	HCV Cares Act Funding 14.HCC	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	28,408	-	-	-	-	28,408	-	28,408
11030	Beginning equity	3,543,047	-	-	871,685	-	1,149,801	298,612	-	181,586	(6,702)	195,752	6,233,781	-	6,233,781
11040-030	Equity Transfers	-	-	-	8,863	-	-	-	-	-	-	-	8,863	(8,863)	-
11040-040	Equity Transfers	-	-	-	-	(8,863)	-	-	-	-	-	-	(8,863)	8,863	-
11040-050	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-060	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-070	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-080	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-090	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-100	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-110	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	8,863	(8,863)	-	-	-	-	-	-	-	-	-
11170-001	Administrative Fee Equity - Beginning Balance				730,673								730,673	-	730,673
11170-010	Administrative Fee Revenue				676,402								676,402	-	676,402
11170-020	Hard to House Fee Revenue				-								-	-	-
11170-030	Audit Costs				-								-	-	-
11170-040	Investment Income				1,809								1,809	-	1,809
11170-045	Fraud Recovery Revenue				10,926								10,926	-	10,926
11170-050	Other Revenue				35,246								35,246	-	35,246
11170-051	Comment for Other Revenue				-								-	-	-
11170-060	Total Admin Fee Revenues				724,383								724,383	-	724,383
11170-080	Total Operating Expenses				477,275								477,275	-	477,275
11170-090	Depreciation				7,551								7,551	-	7,551
11170-095	HAP port in				23,690								23,690	-	23,690
11170-100	Other Expenses				-								-	-	-
11170-101	Comment for Other Expense				-								-	-	-
11170-110	Total Expenses				508,516								508,516	-	508,516
11170-002	Net Administrative Fee				215,867								215,867	-	215,867
11170-003	Administrative Fee Equity - Ending Balance				946,540								946,540	-	946,540
11170	Administrative Fee Equity				946,540								946,540	-	946,540
11180-001	Housing Assistance Payments Equity - Beginning Balance				141,012								141,012	-	141,012
11180-010	Housing Assistance Payments Revenue				4,059,549								4,059,549	-	4,059,549
11180-015	Fraud Recovery Revenue				10,926								10,926	-	10,926
11180-020	Other revenue				-								-	-	-
11180-021	Comment for other revenue				-								-	-	-
11180-025	Investment Income				-								-	-	-
11180-030	Total HAP revenues				4,070,475								4,070,475	-	4,070,475
11180-080	Housing Assistance Payments				4,199,843								4,199,843	-	4,199,843
11180-090	Other expense				-								-	-	-
11180-091	Comment for other expense				-								-	-	-
11180-100	Total Housing Assistance Payments Expense				4,199,843								4,199,843	-	4,199,843
11180-002	Net Housing Assistance Payments				(129,368)								(129,368)	-	(129,368)
11180-003	Housing Assistance Payment Equity - Ending Balance				11,644								11,644	-	11,644
11180	Housing Assistance Payments Equity				11,644								11,644	-	11,644
11190	Unit Months Available	2,340	-	-	12,676	-	780	600	-	-	-	60	16,456	-	16,456
11210	Unit Months Leased	2,305	-	-	10,665	-	773	578	-	-	-	33	14,354	-	14,354
11270	Excess Cash	722,373											722,373	-	722,373
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	11,000	376,821	-	-	-	-	-	-	-	-	-	387,821	-	387,821
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	28,585	-	-	-	-	-	-	-	-	-	-	28,585	-	28,585
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFPP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Low Rent / CFP	Section 8 Voucher	Cares Act Funding	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Eliminations	Total
Assets and Deferred Outflows of Resources										
Assets:										
Current assets:										
Cash - unrestricted	\$ 869,199	\$ 1,012,074	\$ -	\$ 928,373	\$ 266,154	\$ 2,500	\$ 123,563	\$ 24,175	\$ -	\$ 3,226,038
Cash - restricted	-	11,644	-	-	-	-	-	-	-	11,644
Cash - tenant security deposits	20,926	-	-	7,580	3,102	-	-	357	-	31,965
Total cash	890,125	1,023,718	-	935,953	269,256	2,500	123,563	24,532	-	3,269,647
Accounts receivable - other government	-	-	-	-	-	3,544	168,674	-	-	172,218
Accounts receivable - miscellaneous	-	-	-	-	-	-	1,271	-	-	1,271
Accounts receivable - tenants	6,327	-	-	3,354	5,790	-	-	-	-	15,471
Inter-program - due from	-	-	-	3,244	-	-	-	-	(3,244)	-
Prepaid expenses and other assets	5,566	744	-	1,653	1,266	-	2,102	127	-	11,458
Inventories	-	-	-	-	-	-	61,201	-	-	61,201
Total current assets	902,018	1,024,462	-	944,204	276,312	6,044	356,811	24,659	(3,244)	3,531,266
Noncurrent assets:										
Capital assets, net	3,069,373	40,546	-	370,101	611,789	-	48,184	187,489	-	4,327,482
Net pension asset	21,747	17,379	-	9,649	3,497	-	29,970	-	-	82,242
Total noncurrent assets	3,091,120	57,925	-	379,750	615,286	-	78,154	187,489	-	4,409,724
Total Assets	3,993,138	1,082,387	-	1,323,954	891,598	6,044	434,965	212,148	(3,244)	7,940,990
Deferred Outflows of Resources:										
Deferred outflows of resources for pension	74,655	59,663	-	33,125	12,004	-	102,887	-	-	282,334
Total Assets and Deferred Outflows of Resources	\$ 4,067,793	\$ 1,142,050	\$ -	\$ 1,357,079	\$ 903,602	\$ 6,044	\$ 537,852	\$ 212,148	\$ (3,244)	\$ 8,223,324
Liabilities, Deferred Inflows of Resources, and Net Position										
Liabilities:										
Current liabilities:										
Accounts payable	\$ 18,531	\$ 3,787	\$ -	\$ 8,033	\$ 4,833	\$ 300	\$ 67,729	\$ 698	\$ -	\$ 103,911
Accrued wage and payroll taxes	-	-	-	2,291	-	-	-	-	-	2,291
Accrued compensated absences - current	20,194	27,221	-	11,249	4,739	-	10,845	-	-	74,248
Accounts payable - PHA projects	-	396	-	-	-	-	-	-	-	396
Accounts payable - other government	42,011	-	-	15,761	6	2,500	-	-	-	60,278
Tenant security deposits	20,926	-	-	7,580	3,102	-	-	357	-	31,965
Inter-program - due to	-	-	-	-	-	3,244	-	-	(3,244)	-
Current portion of long-term debt	-	-	-	-	29,269	-	-	-	-	29,269
Loan liability - current	-	-	-	-	-	-	-	10,200	-	10,200
Total current liabilities	101,662	31,404	-	44,914	41,949	6,044	78,574	11,255	(3,244)	312,558
Noncurrent liabilities:										
Accrued compensated absences - non-current	22,513	30,346	-	12,540	5,283	-	12,090	-	-	82,772
Long-term debt, net of current portion	-	-	-	-	451,494	-	-	-	-	451,494
Total noncurrent liabilities	22,513	30,346	-	12,540	456,777	-	12,090	-	-	534,266
Total Liabilities	124,175	61,750	-	57,454	498,726	6,044	90,664	11,255	(3,244)	846,824
Deferred Inflows of Resources:										
Deferred inflows of resources for pension	152,802	122,116	-	67,800	24,570	-	210,585	-	-	577,873
Net Position:										
Net investment in capital assets	3,069,373	40,546	-	370,101	131,026	-	48,184	187,489	-	3,846,719
Restricted	-	11,644	-	-	-	-	-	-	-	11,644
Unrestricted	721,443	905,994	-	861,724	249,280	-	188,419	13,404	-	2,940,264
Total Net Position	3,790,816	958,184	-	1,231,825	380,306	-	236,603	200,893	-	6,798,627
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,067,793	\$ 1,142,050	\$ -	\$ 1,357,079	\$ 903,602	\$ 6,044	\$ 537,852	\$ 212,148	\$ (3,244)	\$ 8,223,324

HOUSING AUTHORITY OF THE COUNTY OF ERIE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2021

	Low Rent / CFP	Section 8 Voucher	Cares Act Funding	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Total
Operating Revenues:									
Net tenant revenue	\$ 613,830	\$ -	\$ -	\$ 247,620	\$ 59,239	\$ -	\$ -	\$ 31,805	\$ 952,494
HUD PHA operating grants	590,036	4,735,951	117,952	273,895	240,133	-	-	-	5,957,967
Other governmental grants	-	-	-	-	-	160,215	573,561	-	733,776
Other revenue	15,492	48,235	-	727	6,333	-	299,279	3,853	373,919
Total operating revenues	1,219,358	4,784,186	117,952	522,242	305,705	160,215	872,840	35,658	8,018,156
Operating Expenses:									
Housing assistance payments	-	4,223,533	-	-	-	-	-	-	4,223,533
Administrative	266,968	451,583	83,984	188,760	59,627	23,363	285,337	10,259	1,369,881
Tenant services	499	-	28,776	-	-	-	-	-	29,275
Utilities	191,815	-	-	89,411	51,939	-	-	2,615	335,780
Maintenance and operations	406,992	-	-	75,676	55,873	136,852	500,652	6,233	1,182,278
Insurance premiums	67,699	-	-	19,479	15,558	-	6,838	1,566	111,140
Other general expenses	54,054	25,692	-	28,250	7,773	-	15,822	-	131,591
Total operating expenses	988,027	4,700,808	112,760	401,576	190,770	160,215	808,649	20,673	7,383,478
Operating Income (Loss)	231,331	83,378	5,192	120,666	114,935	-	64,191	14,985	634,678
Non-Operating Revenues (Expenses):									
Gain (loss) on sale of capital assets	2,195	-	-	-	-	-	-	-	2,195
Investment income - unrestricted	513	1,809	-	406	150	-	-	14	2,892
Investment income - restricted	13	-	-	-	-	-	-	-	13
Interest expense	-	-	-	-	(14,908)	-	-	(507)	(15,415)
Depreciation expense	(359,433)	(7,551)	-	(39,048)	(18,483)	-	(2,472)	(9,351)	(436,338)
Total non-operating revenues (expenses)	(356,712)	(5,742)	-	(38,642)	(33,241)	-	(2,472)	(9,844)	(446,653)
Capital Contributions:									
HUD capital grants	376,821	-	-	-	-	-	-	-	376,821
Transfer Between Programs	(3,671)	8,863	(5,192)	-	-	-	-	-	-
Change in Net Position	247,769	86,499	-	82,024	81,694	-	61,719	5,141	564,846
Net position - beginning	3,543,047	871,685	-	1,149,801	298,612	-	174,884	195,752	6,233,781
Net position - ending	\$ 3,790,816	\$ 958,184	\$ -	\$ 1,231,825	\$ 380,306	\$ -	\$ 236,603	\$ 200,893	\$ 6,798,627

HOUSING AUTHORITY OF THE COUNTY OF ERIE

ACTUAL MODERNIZATION COST CERTIFICATE

<u>2019 Capital Fund Program Grant</u>	<u>PA28P087501-19</u>
Funds Approved	\$ 380,413
Funds Disbursed	\$ 380,413
Funds Expended (Actual Modernization Cost)	\$ 380,413
Amount to be Recaptured	\$ -
Excess of Funds Disbursed	\$ -
<u>2020 Capital Fund Program Grant</u>	<u>PA28P087501-20</u>
Funds Approved	\$ 309,859
Funds Disbursed	\$ 309,859
Funds Expended (Actual Modernization Cost)	\$ 309,859
Amount to be Recaptured	\$ -
Excess of Funds Disbursed	\$ -
<u>2021 Capital Fund Program Grant</u>	<u>PA28P087501-21</u>
Funds Approved	\$ 68,600
Funds Disbursed	\$ 68,600
Funds Expended (Actual Modernization Cost)	\$ 68,600
Amount to be Recaptured	\$ -
Excess of Funds Disbursed	\$ -

The distribution of costs as shown on the Actual Modernization Cost Certificates to HUD for approval are in agreement with the Authority's records.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's No.</u>	<u>Total Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Public and Indian Housing	14.850	N/A	\$ 471,019	\$ -
Total Public and Indian Housing			<u>471,019</u>	<u>-</u>
Public Housing Capital Fund (CFP)	14.872	N/A	495,838	-
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	4,700,808	35,449
COVID-19 - Section 8 Housing Choice Vouchers	14.871	N/A	<u>109,089</u>	<u>-</u>
Total Housing Voucher Cluster			<u>4,809,897</u>	<u>35,449</u>
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	273,895	-
Section 8 Housing Assistance Payments Program	14.195	N/A	<u>240,133</u>	<u>-</u>
Total Section 8 Project-Based Cluster			<u>514,028</u>	<u>-</u>
Passed through the Commonwealth of Pennsylvania Department of Community and Economic Development:				
Community Development Block Grants	14.228	C000067006	131,412	-
Community Development Block Grants	14.228	C000070357	5,734	-
Community Development Block Grants	14.228	C000073161	22,350	-
COVID-19 Community Development Block Grants	14.228	C000075517	<u>719</u>	<u>-</u>
Total Community Development Block Grants			<u>160,215</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>6,450,997</u>	<u>35,449</u>
<u>U.S. Department of Health and Human Services:</u>				
Passed through the Commonwealth of Pennsylvania:				
Low-Income Home Energy Assistance	93.568	C000073871	203,866	-
COVID-19 Low-Income Home Energy Assistance	93.568	C000073871	<u>165,419</u>	<u>-</u>
Total Low-Income Home Energy Assistance			<u>369,285</u>	<u>-</u>
<u>U.S. Department of Energy:</u>				
Passed through the Commonwealth of Pennsylvania:				
Weatherization Assistance for Low-Income Persons	81.042	C000066297	<u>204,276</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,024,558</u>	<u>\$ 35,449</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Housing Authority of the County of Erie (Authority) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The Authority has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

3. Required by the Commonwealth of Pennsylvania Department of Community and Economic Development

	CDBG 2017 C000067006	CDBG 2018 C000070357	CDBG 2019 C000073161	CDBG 2020 (COVID) C000075517
Due from DCED at				
December 31, 2020	\$ -	\$ 2,697	\$ -	\$ -
Receipts	131,412	8,431	18,806	719
Disbursements	<u>131,412</u>	<u>5,734</u>	<u>22,350</u>	<u>719</u>
Due from DCED at				
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,544</u>	<u>\$ -</u>

	LIHEAP C000061672	LIHEAP C000073871	LIHEAP (ARPA) C000073871	Weatherization C000066297
Due from DCED at				
December 31, 2020	\$ 2,592	\$ 78,860	\$ -	\$ 75,103
Receipts	2,592	282,726	33,093	245,531
Disbursements	<u>-</u>	<u>203,866</u>	<u>165,419</u>	<u>204,276</u>
Due from DCED at				
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,326</u>	<u>\$ 33,848</u>

**Housing Authority of the
County of Erie**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2021

**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**

**Board of Directors
Housing Authority of the County of Erie**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Erie (Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 19, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Board of Directors
Housing Authority of the County of Erie
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Maher Duessel

Pittsburgh, Pennsylvania
September 19, 2022

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors
Housing Authority of the County of Erie**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of Erie's (Authority) 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 the Authority's major federal program for the year ended December 31, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2021.

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 the 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 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

Board of Directors
Housing Authority of the County of Erie
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

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 the 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 the 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 the 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 of the 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 the 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.

Board of Directors
Housing Authority of the County of Erie
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over 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.

Maher Duessel

Pittsburgh, Pennsylvania
September 19, 2022

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles.

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?
☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?
☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

<u>ALN(s)</u>	<u>Name of Federal Program or Cluster</u>
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.871	COVID-19 – Section 8 Housing Choice Vouchers

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

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2021

NO FINDINGS IN PRIOR YEAR