

**Housing Authority of the
County of Erie**

Single Audit

December 31, 2022

HOUSING AUTHORITY OF THE COUNTY OF ERIE

YEAR ENDED DECEMBER 31, 2022

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YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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 the 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 June 21, 2023 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.

Maher Duessel

Pittsburgh, Pennsylvania
June 21, 2023

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
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, 2022 with selected comparative information for the fiscal year ended December 31, 2021. 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 2022 by \$7,603,262 (net position). Of this amount, \$2,915,319 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. Capital assets increased by \$601,343 primarily from continued capital improvements.
3. Net position increased by \$804,635 for the fiscal year ended December 31, 2022 due mainly to an increase in total current assets.
4. Operating revenues increased \$1,192,418 due to an increase in funding across multiple programs.

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, 2022
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, 2022 and 2021:

	2022	2021
Operating revenues	\$ 9,210,574	\$ 8,018,156
Operating expenses	8,237,755	7,383,478
Operating Income	972,819	634,378
Non-Operating Revenue & Expenses, net	(653,922)	(446,653)
Capital Contributions	485,738	376,821
Change in net position	804,635	564,846
Total Net Position – Beginning of year	6,798,627	6,233,781
Prior period adjustments/transfers	-	-
Total Net Position – End of year	\$ 7,603,262	\$ 6,798,627

Operating revenues increased by \$1,192,418 due to an increase in funding across multiple programs. Operating expenses increased by \$854,277 primarily due to an increase in Weatherization Program expenditures.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended December 31, 2022 and 2021:

	2022	2021
Owned by Authority	195	195
Units under vouchers	1,058	1,054
Other vouchers	118	118
Total Housing Units Managed	1,371	1,367

The Section 8 Voucher lease up rate averaged 83 percent during the fiscal year ended December 31, 2022. It is anticipated that the program lease-up will remain the same during fiscal year 2023.

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
Required Supplemental Information

NET POSITION

Total net position increased from the previous year by \$804,635. 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, 2022 and 2021:

	2022	2021
Capital Assets	\$17,887,733	\$17,286,390
Less capital related debt	(450,894)	(480,763)
Less accumulated depreciation	(13,362,291)	(12,958,908)
Construction in progress	-0-	-0-
Total Net Investment In Capital Assets	\$ 4,074,548	\$ 3,846,719

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, 2022 and 2021:

	2022	2021
Land	\$ 431,477	\$ 431,477
Building and Improvements	15,899,942	15,547,058
Furniture and equipment – dwellings	921,978	739,013
Furniture and equipment – administration	634,336	568,842
Total	\$ 17,887,733	\$ 17,286,390
Less: accumulated depreciation	(13,362,291)	(12,958,908)
Construction in progress	-0-	-0-
Capital assets, net	\$ 4,525,442	\$ 4,324,482

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
Required Supplemental Information

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 deferred inflows 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, 2022 and 2021:

	2022	2021
Assets		
Current assets	\$ 3,949,979	\$ 3,531,266
Non-Current Assets	546,356	82,242
Capital assets	4,525,442	4,327,482
Total assets	9,021,777	7,940,990
Deferred Outflows - Pension	193,124	282,334
Liabilities		
Current liabilities	375,624	312,558
Long-term liabilities	514,515	534,266
Total liabilities	890,139	846,824
Deferred Inflows -Pension	721,500	577,873
Net position		
Net investment in capital assets	4,074,548	3,846,719
Restricted	613,395	11,644
Unrestricted	2,915,319	2,940,264
Total net position	\$ 7,603,262	\$ 6,798,627

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

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, 2022.

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 \$5,700 at December 31, 2022.

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 \$450,894 at December 31, 2022.

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
Required Supplemental Information

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 2023. 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, 2022

Assets and Deferred Outflows of Resources	
Assets:	
Current assets:	
Cash - unrestricted	\$ 3,529,162
Cash - restricted	67,039
Cash - tenant security deposits	32,085
Total cash	3,628,286
Accounts receivable - other governments	219,919
Accounts receivable - miscellaneous	4,655
Accounts receivable - tenants	9,371
Prepaid expenses and other assets	12,675
Inventories	75,073
Total current assets	3,949,979
Noncurrent assets:	
Capital assets, non-depreciable	431,477
Capital assets, depreciable net of accumulated depreciation	4,093,965
Net pension asset	546,356
Total noncurrent assets	5,071,798
Total Assets	9,021,777
Deferred Outflows of Resources:	
Deferred outflows of resources for pension	193,124
Total Assets and Deferred Outflows of Resources	\$ 9,214,901

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF NET POSITION

DECEMBER 31, 2022

(Continued)

Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 107,928
Accrued wages and payroll taxes	1,497
Accrued compensated absences - current	84,805
Accounts payable - other government	63,295
Tenant security deposits	32,085
Unearned revenue	52,166
Current portion of long-term debt	28,148
Loan liability - current	5,700
Total current liabilities	<u>375,624</u>
Noncurrent liabilities:	
Accrued compensated absences - non-current	91,769
Long-term debt, net of current portion	422,746
Total noncurrent liabilities	<u>514,515</u>
Total Liabilities	<u>890,139</u>
Deferred Inflows of Resources:	
Deferred inflows of resources for pension	<u>721,500</u>
Net Position:	
Net investment in capital assets	4,074,548
Restricted	613,395
Unrestricted	2,915,319
Total Net Position	<u>7,603,262</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 9,214,901</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, 2022

Operating Revenues:

Net tenant revenue	\$ 1,003,369
HUD PHA operating grants	6,115,087
Other governmental grants	1,645,174
Other revenue	446,944
	<hr/>
Total operating revenues	9,210,574
	<hr/>

Operating Expenses:

Housing assistance payments	4,247,193
Administrative	1,464,272
Tenant services	200
Utilities	344,512
Maintenance and operations	1,898,128
Insurance premiums	120,536
Other general expenses	162,914
	<hr/>
Total operating expenses	8,237,755
	<hr/>

Operating Income (Loss)

972,819

Non-Operating Revenues (Expenses):

Investment income - unrestricted	13,681
Investment income - restricted	13
Interest expense	(13,298)
RAD conversion expense	(144,052)
Depreciation expense	(430,236)
Extraordinary maintenance	(80,030)
	<hr/>
Total non-operating revenues (expenses)	(653,922)
	<hr/>

Capital Contributions:

HUD capital grants	485,738
	<hr/>

Change in Net Position

804,635

Net position - beginning	6,798,627
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Net position - ending	\$ 7,603,262
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See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:

Operating grants received	\$ 7,715,577
Receipts from tenants	1,009,589
Other receipts	443,560
Payments to vendors for goods and services	(2,121,587)
Payments to employees and professionals	(2,040,794)
Housing assistance payments	(4,247,193)
	<hr/>
Net cash provided by (used in) operating activities	759,152
	<hr/>

Cash Flows From Capital and Related Financing Activities:

HUD capital grants	485,738
Interest paid on long-term debt and lines of credit	(13,298)
Principal paid on long-term debt	(34,369)
Purchases and construction of capital assets	(628,196)
RAD conversion expense	(144,052)
Extraordinary maintenance	(80,030)
	<hr/>
Net cash provided by (used in) capital and related financing activities	(414,207)
	<hr/>

Cash Flows From Investing Activities:

Interest income	13,694
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Net Increase (Decrease) in Cash	358,639
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Cash:

Beginning of year	3,269,647
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End of year	\$ 3,628,286
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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, 2022

(Continued)

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used in) Operating Activities:

Operating income (loss)	\$ 972,819
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
Accounts receivable	(44,985)
Prepaid expenses and other assets	(1,217)
Inventories	(13,872)
Deferred inflows/outflows of resources for pension	232,837
Accounts payable	6,638
Accrued payroll and related taxes	(794)
Accrued compensated absences	19,554
Tenant security deposits	120
Unearned revenue	52,166
Net pension liability/(asset)	(464,114)
Total adjustments	(213,667)
Net cash provided by (used in) operating activities	\$ 759,152

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022

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 and Non-Operating Revenues and Expenses

Operating and non-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 and capital contributions 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, 2022

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, 2022

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, 2022

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, 2022 consisted of a net pension asset and 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, 2022

Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) statements were adopted for the year ended December 31, 2022: Statement Nos. 87 (Leases), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the Authority's financial statements for the year ended December 31, 2022.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). 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, 2022, \$678,925 of the Authority's \$3,712,788 bank balance was insured by the Federal Deposit Insurance Corporation and National Credit Union Administration.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The remaining bank balance was exposed to custodial credit risk, which is collateralized in 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 \$3,628,286 as of December 31, 2022.

Restricted Cash

Cash was restricted at December 31, 2022 for the following purpose:

Housing assistance payments	\$	67,039
Tenant security deposits		<u>32,085</u>
Total	\$	<u><u>99,124</u></u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

3. Capital Assets

A summary of changes in capital assets during 2022 is as follows:

	December 31, 2021	Increases	Decreases	Transfers	December 31, 2022
Capital assets, not being depreciated:					
Land	\$ 431,477	\$ -	\$ -	\$ -	\$ 431,477
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	431,477	-	-	-	431,477
Capital assets being depreciated:					
Buildings	15,547,058	364,071	-	(11,187)	15,899,942
Furniture, equipment, and machinery - dwellings	739,013	181,378	(9,600)	11,187	921,978
Furniture, equipment, and machinery - administration	568,842	82,746	(17,252)	-	634,336
Total capital assets, being depreciated	16,854,913	628,195	(26,852)	-	17,456,256
Less accumulated depreciation	(12,958,908)	(430,235)	26,852	-	(13,362,291)
Total capital assets being depreciated, net	3,896,005	197,960	-	-	4,093,965
Total capital assets	\$ 4,327,482	\$ 197,960	\$ -	\$ -	\$ 4,525,442

4. Long-Term Liabilities

Mortgage Payable – Direct Borrowing

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, 2022

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

Year Ending December 31,	Principal	Interest	Total
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	32,886	16,668	49,554
2028-2032	184,987	62,779	247,766
2033-2037	113,611	22,980	136,591
Total long-term debt	<u>\$ 450,894</u>	<u>\$ 181,233</u>	<u>\$ 632,127</u>

The schedule of changes in long-term liability activity for the year ended December 31, 2022 is presented below:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022	Due Within One Year
Mortgage payable	\$ 480,763	\$ -	\$ (29,869)	\$ 450,894	\$ 28,148
Compensated absences	157,020	25,372	(5,818)	176,574	84,805
	<u>\$ 637,783</u>	<u>\$ 25,372</u>	<u>\$ (35,687)</u>	<u>\$ 627,468</u>	<u>\$ 112,953</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, 2022, 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, 2022, the rate on the line was 3.75% and there was a \$5,700 outstanding balance. The Authority intends to repay the outstanding

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

balance in 2023; 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 2022, employees of the Authority contributed \$17,370 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, 2022

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, 2022, the Authority contributed the funds necessary to meet the MMO for the Plan in the amount of \$100,576.

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, 2022

Changes in the Net Pension Liability/(Asset)

The changes in the Authority's net pension liability/(asset) based on a measurement date of December 31, 2021 are as follows:

	Total Pension Liability/(Asset)	Plan Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2020	\$ 4,790,877	\$ 4,873,119	\$ (82,242)
Changes for the year:			
Service cost	77,217	-	77,217
Interest	249,428	-	249,428
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	99,198	(99,198)
Contributions - PMRS assessment	-	1,020	(1,020)
Contributions - employee	-	32,103	(32,103)
Net investment income	-	672,404	(672,404)
Benefit payments	(237,205)	(237,205)	-
Administrative expense	-	(13,966)	13,966
Balances at December 31, 2021	<u>\$ 4,880,317</u>	<u>\$ 5,426,673</u>	<u>\$ (546,356)</u>
Plan fiduciary net position as a percentage of the total net pension liability/(asset)			<u>111.20%</u>

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

Actuarial assumptions:

Investment rate of return	5.25%
Projected salary increases	2.79% - 6.22%*
* includes inflation rate of 2.2%	
Post-retirement cost-of-living adjustments	2.2%, 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: PUB-2010 General Employees table
Females: PUB-2010 General Employees table

Post-retirement mortality:

Males: RP2006 annuitant table
Females: RP2006 annuitant table

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 2.5% to produce real rates of return.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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 Net 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 60%. The chart labeled "Confidence Levels for System Nominal Net 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/(asset) 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>\$ (1,232)</u>	<u>\$ (546,356)</u>	<u>\$ (1,006,902)</u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

For the year ended December 31, 2022, the Authority recognized pension expense of \$-231,277. At December 31, 2022, 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	\$ 30,713	\$ 116,162
Pension contributions subsequent to measurement date	100,576	-
Change in assumptions	61,835	-
Net difference between projected and actual earnings on pension plan investments	-	605,338
Total	<u>\$ 193,124</u>	<u>\$ 721,500</u>

\$100,576 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/(asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ (157,395)
2023	(252,316)
2024	(130,474)
2025	(88,767)
	<u>\$ (628,952)</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, 2022

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 2023, 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.

10. Subsequent Event

In March of 2023, the Authority awarded a bid in the amount of \$1,850,000 for repairs to Erie County Senior Projects.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

YEARS ENDED DECEMBER 31*

	2022	2021	2020**	2019	2018	2017	2016	2015
Total Pension Liability/(Asset):								
Service cost	\$ 77,217	\$ 68,204	\$ 62,998	\$ 63,089	\$ 64,685	\$ 62,399	\$ 73,215	\$ 85,986
Interest	249,428	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	(237,205)	(251,436)	(260,709)	(274,370)	(275,385)	(232,682)	(253,779)	(208,430)
Net Changes in Total Pension Liability/(Asset)	89,440	(23,933)	49,043	179,277	25,036	262,679	83,772	(102,694)
Total Pension Liability/(Asset) - Beginning	4,790,877	4,814,810	4,765,767	4,586,490	4,561,454	4,298,775	4,215,003	4,317,697
Total Pension Liability/(Asset) - Ending (a)	<u>\$ 4,880,317</u>	<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	\$ 99,198	\$ 89,730	\$ 87,225	\$ 76,311	\$ 104,894	\$ 86,773	\$ 87,358	\$ 74,527
Employee contributions	33,123	31,329	28,957	29,963	30,676	30,847	31,810	30,750
Net investment income	672,404	345,406	830,467	(117,653)	661,590	335,425	82	285,316
Transfers	-	-	-	-	-	-	-	(372,337)
Benefit payments, including refunds of employee contributions	(237,205)	(251,436)	(260,709)	(274,370)	(275,385)	(232,682)	(253,779)	(208,430)
Administrative expense	(13,966)	(10,948)	(8,628)	(10,017)	(10,308)	(11,082)	(9,335)	(8,422)
Net Change in Plan Fiduciary Net Position	553,554	204,081	677,312	(295,766)	511,467	209,281	(143,864)	(198,596)
Plan Fiduciary Net Position - Beginning	4,873,119	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>\$ 5,426,673</u>	<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/(Asset) - Ending (a-b)	<u>\$ (546,356)</u>	<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/(Asset)	<u>111.20%</u>	<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>\$ 1,021,270</u>	<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/(Asset) as a Percentage of Covered Payroll	-53.50%	-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/(asset) 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/(asset) and related items as reported on the statement of financial position to be a reasonable estimate of the future liability.

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

Schedule of Contributions	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 131,214	\$ 100,178	\$ 90,690	\$ 88,165	\$ 77,251	\$ 105,814	\$ 86,673	\$ 87,338
Contributions in relation to the actuarially determined contribution	131,214	100,178	90,690	88,165	77,251	105,814	86,773	87,358
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (100)	\$ (20)
Covered payroll	\$ 1,009,614	\$ 1,009,614	\$ 965,432	\$ 965,432	\$ 959,564	\$ 986,250	\$ 1,028,776	\$ 1,060,338
Contributions as a percentage of covered employee payroll	13.00%	9.92%	9.39%	9.13%	8.05%	10.73%	8.43%	8.24%
Investment Returns								
Annual money-weighted rate of return, net of investment expense	13.30%	13.80%	20.90%	-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, 2022

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	1/1/2021
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	2.20%
Pre- and post-mortality	
assumptions:	Males: PUB-2010 General Employees male table Females: PUB-2010 General Employees female table Post Retirement - Males - RP2006 annuitant male table Post Retirement - Females - RP2006 annuitant female table
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, 2022

Benefit Changes

No benefit terms were modified.

Changes in Actuarial Assumptions

The Board approved updated actuarial assumptions including mortality rates, termination rates, retirement rates, and the salary scale effective January 1, 2021.

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

2022	Description	Low Rent/CFP 14.850/14.872	Housing Choice 14.871	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	795,517	1,266,496	1,040,826	303,775	2,500	43,365	40,307	36,376	3,529,162	-	3,529,162
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	67,039	-	-	-	-	-	-	67,039	-	67,039
114	Cash - tenant security deposits	20,606	-	7,945	3,078	-	-	-	456	32,085	-	32,085
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	816,123	1,333,535	1,048,771	306,853	2,500	43,365	40,307	36,832	3,628,286	-	3,628,286
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-	-	-	-
124	Account receivable - other government	-	-	-	-	1,555	78,281	140,083	-	219,919	-	219,919
125	Account receivable - miscellaneous	-	-	-	-	-	4,655	-	-	4,655	-	4,655
126	Accounts receivable - tenants	617	-	2,603	6,112	-	-	-	39	9,371	-	9,371
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	617	-	2,603	6,112	1,555	82,936	140,083	39	233,945	-	233,945
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	6,021	580	1,792	1,366	-	1,835	945	136	12,675	-	12,675
143	Inventories	-	-	-	-	-	75,073	-	-	75,073	-	75,073
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	1,004	-	-	-	-	-	1,004	(1,004)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	822,761	1,334,115	1,054,170	314,331	4,055	203,209	181,335	37,007	3,950,983	(1,004)	3,949,979
161	Land	359,361	-	-	26,016	-	-	-	46,100	431,477	-	431,477
162	Buildings	12,618,884	-	2,397,654	668,429	-	58,975	-	156,000	15,899,942	-	15,899,942
163	Furniture, equipment and machinery - dwellings	785,385	-	103,273	-	-	-	-	33,320	921,978	-	921,978
164	Furniture, equipment and machinery - administration	206,884	64,453	143,824	-	-	190,135	29,040	-	634,336	-	634,336
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(10,743,264)	(21,520)	(2,282,865)	(89,333)	-	(166,893)	(4,149)	(54,267)	(13,362,291)	-	(13,362,291)
167	Construction in progress	-	-	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	3,227,250	42,933	361,886	605,112	-	82,217	24,891	181,153	4,525,442	-	4,525,442
171	Notes, loans, & mortgages receivable - non-current	-	-	-	-	-	-	-	-	-	-	-
172	Notes, loans, & mortgages receivable - non-current - past due	-	-	-	-	-	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-	-	-	-	-	-
174	Other assets	104,470	115,518	44,062	20,434	-	163,570	98,302	-	546,356	-	546,356
176	Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-current Assets	3,331,720	158,451	405,948	625,546	-	245,787	123,193	181,153	5,071,798	-	5,071,798
190	Total Assets	4,154,481	1,492,566	1,460,118	939,877	4,055	448,996	304,528	218,160	9,022,781	(1,004)	9,021,777
200	Deferred Outflow of Resources	36,928	40,833	15,575	7,223	-	57,818	34,747	-	193,124	-	193,124
290	Total Assets and Deferred Outflow of Resources	4,191,409	1,533,399	1,475,693	947,100	4,055	506,814	339,275	218,160	9,215,905	(1,004)	9,214,901

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2022	Description	Low Rent/CFP 14.850/14.872	Housing Choice 14.871	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	28,355	1,724	12,592	6,913	551	10,693	46,001	1,099	107,928	-	107,928
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	1,497	-	-	-	-	-	1,497	-	1,497
322	Accrued compensated absences - current portion	17,782	30,892	13,597	4,757	-	9,422	8,355	-	84,805	-	84,805
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	43,723	-	16,431	641	2,500	-	-	-	63,295	-	63,295
341	Tenant security deposits	20,606	-	7,945	3,078	-	-	-	456	32,085	-	32,085
342	Unearned revenue	-	-	-	-	-	-	52,166	-	52,166	-	52,166
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	28,148	-	-	-	-	28,148	-	28,148
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	-	-	-	-	1,004	-	-	-	1,004	(1,004)	-
348	Loan liability - current	-	-	-	-	-	-	-	5,700	5,700	-	5,700
310	Total Current Liabilities	110,466	32,616	52,062	43,537	4,055	20,115	106,522	7,255	376,628	(1,004)	375,624
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	422,746	-	-	-	-	422,746	-	422,746
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	19,242	33,429	14,713	5,148	-	10,195	9,042	-	91,769	-	91,769
355	Loan liability - non-current	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	19,242	33,429	14,713	427,894	-	10,195	9,042	-	514,515	-	514,515
300	Total Liabilities	129,708	66,045	66,775	471,431	4,055	30,310	115,564	7,255	891,143	(1,004)	890,139
400	Deferred Inflow of Resources	137,960	152,550	58,186	26,985	-	216,005	129,814	-	721,500	-	721,500
508.1	Net Investment in Capital Assets	3,227,250	42,933	361,886	154,218	-	82,217	24,891	181,153	4,074,548	-	4,074,548
511.1	Restricted Net Position	104,470	182,557	44,062	20,434	-	163,570	98,302	-	613,395	-	613,395
512.1	Unrestricted Net Position	592,021	1,089,314	944,784	274,032	-	14,712	(29,296)	29,752	2,915,319	-	2,915,319
513	Total Equity - Net Position	3,923,741	1,314,804	1,350,732	448,684	-	260,499	93,897	210,905	7,603,262	-	7,603,262
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	4,191,409	1,533,399	1,475,693	947,100	4,055	506,814	339,275	218,160	9,215,905	(1,004)	9,214,901

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

2022	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	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	634,275	-	-	248,956	64,625	-	-	-	20,460	968,316	-	968,316
70400	Tenant revenue - other	7,278	-	-	2,832	9,778	-	-	-	15,165	35,053	-	35,053
70500	Total Tenant Revenue	641,553	-	-	251,788	74,403	-	-	-	35,625	1,003,369	-	1,003,369
70600-010	Housing assistance payments			4,262,760							-	-	-
70600-020	Ongoing administrative fees earned			847,660							-	-	-
70600-030	Hard to house fee revenue			-							-	-	-
70600-060	All other fees			-							-	-	-
70600	HUD PHA operating grants	483,313	-	5,110,420	282,312	239,042	-	-	-	-	6,115,087	-	6,115,087
70610	Capital grants	-	485,738	-	-	-	-	-	-	-	485,738	-	485,738
70800	Other government grants	-	-	-	-	-	326,774	552,594	765,806	-	1,645,174	-	1,645,174
71100	Investment income - unrestricted	1,929	-	9,896	885	952	-	-	-	19	13,681	-	13,681
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	21,304	-	-	-	-	-	-	21,304	-	21,304
71500	Other revenue	16,803	-	33,085	1,007	100,467	-	274,153	-	125	425,640	-	425,640
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	13	-	-	-	-	-	-	-	-	13	-	13
70000	Total Revenue	1,143,611	485,738	5,174,705	535,992	414,864	326,774	826,747	765,806	35,769	9,710,006	-	9,710,006
91100	Administrative salaries	87,293	-	305,577	86,376	28,712	16,519	247,549	98,559	1,534	872,119	-	872,119
91200	Auditing fees	3,668	-	18,248	1,039	911	608	775	1,401	-	26,650	-	26,650
91300	Management fee	-	-	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	45,516	-	138,083	41,813	14,166	-	-	-	566	240,144	-	240,144
91600	Office expenses	-	-	-	-	-	-	-	-	-	-	-	-
91700	Legal expense	1,487	-	1,113	76	249	-	-	-	-	2,925	-	2,925
91800	Travel	20,476	-	4,175	578	-	-	-	-	-	25,229	-	25,229
91810	Allocated Overhead	42,480	-	46,394	17,561	8,350	-	-	-	560	115,345	-	115,345
91900	Other	21,751	-	22,076	9,532	3,020	1,457	110,343	8,596	5,085	181,860	-	181,860
91000	Total Operating-Administrative	222,671	-	535,666	156,975	55,408	18,584	358,667	108,556	7,745	1,464,272	-	1,464,272
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	200	-	-	-	-	-	-	-	-	200	-	200
92500	Total Tenant Services	200	-	-	-	-	-	-	-	-	200	-	200
93100	Water	53,687	-	-	21,021	23,383	-	-	-	91	98,182	-	98,182
93200	Electricity	59,514	-	-	38,071	9,722	-	-	-	179	107,486	-	107,486
93300	Gas	17,335	-	-	-	-	-	-	-	252	17,587	-	17,587
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	69,178	-	-	26,793	25,167	-	-	-	119	121,257	-	121,257
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	199,714	-	-	85,885	58,272	-	-	-	641	344,512	-	344,512
94100	Ordinary maintenance and operations - labor	173,422	-	-	22,342	24,247	-	196,063	175,000	2,979	594,053	-	594,053
94200	Ordinary maintenance and operations - materials and other	87,562	-	-	20,612	25,374	-	180,076	423,324	933	737,881	-	737,881
94300	Ordinary Maintenance and Operations Contracts	100,720	-	-	27,642	24,353	308,190	-	-	2,130	463,035	-	463,035
94500	Employee benefit contribution - ordinary maintenance	80,918	-	-	10,453	10,687	-	-	-	1,101	103,159	-	103,159
94000	Total Maintenance and Operations	442,622	-	-	81,049	84,661	308,190	376,139	598,324	7,143	1,898,128	-	1,898,128

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

2022													
	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	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	70,190	-	-	20,987	15,824	-	-	-	1,580	108,581	-	108,581
96120	Liability insurance	1,610	-	-	373	469	-	7,632	1,822	49	11,955	-	11,955
96130	Workmen's compensation	-	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	-	-	-	-	-	-	-	-
96100	Total Insurance Premiums	71,800	-	-	21,360	16,293	-	7,632	1,822	1,629	120,536	-	120,536
96200	Other general expenses	-	-	-	-	-	-	-	-	-	-	-	-
96210	Compensated absences	18,327	-	26,018	10,783	4,447	-	6,038	5,355	-	70,968	-	70,968
96300	Payments in lieu of taxes	43,456	-	-	16,307	635	-	-	-	-	60,398	-	60,398
96400	Bad debt - tenant rents	15,141	-	-	1,793	14,614	-	-	-	-	31,548	-	31,548
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	76,924	-	26,018	28,883	19,696	-	6,038	5,355	-	162,914	-	162,914
96710	Interest of mortgage (or bonds) payable	-	-	-	-	12,799	-	-	-	-	12,799	-	12,799
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-	-	-	499	499	-	499
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-
96700	Total Interest expense and amortization cost	-	-	-	-	12,799	-	-	-	499	13,298	-	13,298
96900	Total Operating Expenses	1,013,931	-	561,684	374,152	247,129	326,774	748,476	714,057	17,657	4,003,860	-	4,003,860
97000	Excess Revenue Over Operating Expenses	129,680	485,738	4,613,021	161,840	167,735	-	78,271	51,749	18,112	5,706,146	-	5,706,146
97100	Extraordinary maintenance	-	-	-	-	80,030	-	-	-	-	80,030	-	80,030
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	-	-	17,773	-	-	-	-	-	-	-	-	-
97300-045	FSS Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	-	-	4,200,244	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	4,218,017	-	-	-	-	-	-	4,218,017	-	4,218,017
97350	HAP Portability-In	-	-	29,176	-	-	-	-	-	-	29,176	-	29,176
97400	Depreciation expense	134,851	203,590	9,208	42,933	19,327	-	8,078	4,149	8,100	430,236	-	430,236
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	1,148,782	203,590	4,818,085	417,085	346,486	326,774	756,554	718,206	25,757	8,761,319	-	8,761,319
10010	Operating transfer in	-	-	-	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	(144,052)	-	-	-	-	-	-	-	-	(144,052)	-	(144,052)
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers between programs and projects in	-	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers between programs and projects out	-	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	(144,052)	-	-	-	-	-	-	-	-	(144,052)	-	(144,052)
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(149,223)	282,148	356,620	118,907	68,378	-	70,193	47,600	10,012	804,635	-	804,635

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

2022	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	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	-	-	-	-	29,269	-	-	-	-	29,269	-	29,269
11030	Beginning equity	3,790,816	-	958,184	1,231,825	380,306	-	190,306	46,297	200,893	6,798,627	-	6,798,627
11040-030	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-040	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
11170-001	Administrative Fee Equity - Beginning Balance			946,540							946,540	-	946,540
11170-010	Administrative Fee Revenue			847,660							847,660	-	847,660
11170-020	Hard to House Fee Revenue			-							-	-	-
11170-030	Audit Costs			-							-	-	-
11170-040	Investment Income			9,896							9,896	-	9,896
11170-045	Fraud Recovery Revenue			10,652							10,652	-	10,652
11170-050	Other Revenue			33,085							33,085	-	33,085
11170-051	Comment for Other Revenue			-							-	-	-
11170-060	Total Admin Fee Revenues			901,293							901,293	-	901,293
11170-080	Total Operating Expenses			561,684							561,684	-	561,684
11170-090	Depreciation			9,208							9,208	-	9,208
11170-095	HAP port in			29,176							29,176	-	29,176
11170-100	Other Expenses			-							-	-	-
11170-101	Comment for Other Expense			-							-	-	-
11170-110	Total Expenses			600,068							600,068	-	600,068
11170-002	Net Administrative Fee			301,225							301,225	-	301,225
11170-003	Administrative Fee Equity - Ending Balance			1,247,765							1,247,765	-	1,247,765
11170	Administrative Fee Equity			1,247,765							1,247,765	-	1,247,765
11180-001	Housing Assistance Payments Equity - Beginning Balance			11,644							11,644	-	11,644
11180-010	Housing Assistance Payments Revenue			4,262,760							4,262,760	-	4,262,760
11180-015	Fraud Recovery Revenue			10,652							10,652	-	10,652
11180-020	Other revenue			-							-	-	-
11180-021	Comment for other revenue			-							-	-	-
11180-025	Investment Income			-							-	-	-
11180-030	Total HAP revenues			4,273,412							4,273,412	-	4,273,412
11180-080	Housing Assistance Payments			4,218,017							4,218,017	-	4,218,017
11180-090	Other expense			-							-	-	-
11180-091	Comment for other expense			-							-	-	-
11180-100	Total Housing Assistance Payments Expense			4,218,017							4,218,017	-	4,218,017
11180-002	Net Housing Assistance Payments			55,395							55,395	-	55,395
11180-003	Housing Assistance Payment Equity - Ending Balance			67,039							67,039	-	67,039
11180	Housing Assistance Payments Equity			67,039							67,039	-	67,039
11190	Unit Months Available	2,340	-	12,696	780	600	-	-	-	36	16,452	-	16,452
11210	Unit Months Leased	2,294	-	10,509	766	576	-	-	-	36	14,181	-	14,181
11270	Excess Cash	621,780									621,780	-	621,780
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	351,422	-	-	-	-	-	-	-	351,422	-	351,422
11630	Furniture & Equipment - Dwelling Purchases	-	134,316	-	-	-	-	-	-	-	134,316	-	134,316
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Low Rent / CFP	Section 8 Voucher	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	\$ 795,517	\$ 1,266,496	\$ 1,040,826	\$ 303,775	\$ 2,500	\$ 83,672	\$ 36,376	\$ -	\$ 3,529,162
Cash - restricted	-	67,039	-	-	-	-	-	-	67,039
Cash - tenant security deposits	20,606	-	7,945	3,078	-	-	456	-	32,085
Total cash	816,123	1,333,535	1,048,771	306,853	2,500	83,672	36,832	-	3,628,286
Accounts receivable - other government	-	-	-	-	1,555	218,364	-	-	219,919
Accounts receivable - miscellaneous	-	-	-	-	-	4,655	-	-	4,655
Accounts receivable - tenants	617	-	2,603	6,112	-	-	39	-	9,371
Inter-program - due from	-	-	1,004	-	-	-	-	(1,004)	-
Prepaid expenses and other assets	6,021	580	1,792	1,366	-	2,780	136	-	12,675
Inventories	-	-	-	-	-	75,073	-	-	75,073
Total current assets	822,761	1,334,115	1,054,170	314,331	4,055	384,544	37,007	(1,004)	3,949,979
Noncurrent assets:									
Capital assets, net	3,227,250	42,933	361,886	605,112	-	107,108	181,153	-	4,525,442
Net pension asset	104,470	115,518	44,062	20,434	-	261,872	-	-	546,356
Total noncurrent assets	3,331,720	158,451	405,948	625,546	-	368,980	181,153	-	5,071,798
Total Assets	4,154,481	1,492,566	1,460,118	939,877	4,055	753,524	218,160	(1,004)	9,021,777
Deferred Outflows of Resources:									
Deferred outflows of resources for pension	36,928	40,833	15,575	7,223	-	92,565	-	-	193,124
Total Assets and Deferred Outflows of Resources	\$ 4,191,409	\$ 1,533,399	\$ 1,475,693	\$ 947,100	\$ 4,055	\$ 846,089	\$ 218,160	\$ (1,004)	\$ 9,214,901
Liabilities, Deferred Inflows of Resources, and Net Position									
Liabilities:									
Current liabilities:									
Accounts payable	\$ 28,355	\$ 1,724	\$ 12,592	\$ 6,913	\$ 551	\$ 56,694	\$ 1,099	\$ -	\$ 107,928
Accrued wage and payroll taxes	-	-	1,497	-	-	-	-	-	1,497
Accrued compensated absences - current	17,782	30,892	13,597	4,757	-	17,777	-	-	84,805
Accounts payable - other government	43,723	-	16,431	641	2,500	-	-	-	63,295
Tenant security deposits	20,606	-	7,945	3,078	-	-	456	-	32,085
Inter-program - due to	-	-	-	-	1,004	-	-	(1,004)	-
Unearned revenue	-	-	-	-	-	52,166	-	-	52,166
Current portion of long-term debt	-	-	-	28,148	-	-	-	-	28,148
Loan liability - current	-	-	-	-	-	-	5,700	-	5,700
Total current liabilities	110,466	32,616	52,062	43,537	4,055	126,637	7,255	(1,004)	375,624
Noncurrent liabilities:									
Accrued compensated absences - non-current	19,242	33,429	14,713	5,148	-	19,237	-	-	91,769
Long-term debt, net of current portion	-	-	-	422,746	-	-	-	-	422,746
Total noncurrent liabilities	19,242	33,429	14,713	427,894	-	19,237	-	-	514,515
Total Liabilities	129,708	66,045	66,775	471,431	4,055	145,874	7,255	(1,004)	890,139
Deferred Inflows of Resources:									
Deferred inflows of resources for pension	137,960	152,550	58,186	26,985	-	345,819	-	-	721,500
Net Position:									
Net investment in capital assets	3,227,250	42,933	361,886	154,218	-	107,108	181,153	-	4,074,548
Restricted	104,470	182,557	44,062	20,434	-	261,872	-	-	613,395
Unrestricted	592,021	1,089,314	944,784	274,032	-	(14,584)	29,752	-	2,915,319
Total Net Position	3,923,741	1,314,804	1,350,732	448,684	-	354,396	210,905	-	7,603,262
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,191,409	\$ 1,533,399	\$ 1,475,693	\$ 947,100	\$ 4,055	\$ 846,089	\$ 218,160	\$ (1,004)	\$ 9,214,901

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

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

YEAR ENDED DECEMBER 31, 2022

	Low Rent / CFP	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Total
Operating Revenues:								
Net tenant revenue	\$ 641,553	\$ -	\$ 251,788	\$ 74,403	\$ -	\$ -	\$ 35,625	\$ 1,003,369
HUD PHA operating grants	483,313	5,110,420	282,312	239,042	-	-	-	6,115,087
Other governmental grants	-	-	-	-	326,774	1,318,400	-	1,645,174
Other revenue	16,803	54,389	1,007	100,467	-	274,153	125	446,944
Total operating revenues	1,141,669	5,164,809	535,107	413,912	326,774	1,592,553	35,750	9,210,574
Operating Expenses:								
Housing assistance payments	-	4,247,193	-	-	-	-	-	4,247,193
Administrative	222,671	535,666	156,975	55,408	18,584	467,223	7,745	1,464,272
Tenant services	200	-	-	-	-	-	-	200
Utilities	199,714	-	85,885	58,272	-	-	641	344,512
Maintenance and operations	442,622	-	81,049	84,661	308,190	974,463	7,143	1,898,128
Insurance premiums	71,800	-	21,360	16,293	-	9,454	1,629	120,536
Other general expenses	76,924	26,018	28,883	19,696	-	11,393	-	162,914
Total operating expenses	1,013,931	4,808,877	374,152	234,330	326,774	1,462,533	17,158	8,237,755
Operating Income (Loss)	127,738	355,932	160,955	179,582	-	130,020	18,592	972,819
Non-Operating Revenues (Expenses):								
Investment income - unrestricted	1,929	9,896	885	952	-	-	19	13,681
Investment income - restricted	13	-	-	-	-	-	-	13
Interest expense	-	-	-	(12,799)	-	-	(499)	(13,298)
RAD conversion expense	(144,052)	-	-	-	-	-	-	(144,052)
Depreciation expense	(338,441)	(9,208)	(42,933)	(19,327)	-	(12,227)	(8,100)	(430,236)
Extraordinary maintenance	-	-	-	(80,030)	-	-	-	(80,030)
Total non-operating revenues (expenses)	(480,551)	688	(42,048)	(111,204)	-	(12,227)	(8,580)	(653,922)
Capital Contributions:								
HUD capital grants	485,738	-	-	-	-	-	-	485,738
Transfer Between Programs	-	-	-	-	-	-	-	-
Change in Net Position	132,925	356,620	118,907	68,378	-	117,793	10,012	804,635
Net position - beginning	3,790,816	958,184	1,231,825	380,306	-	236,603	200,893	6,798,627
Net position - ending	\$ 3,923,741	\$ 1,314,804	\$ 1,350,732	\$ 448,684	\$ -	\$ 354,396	\$ 210,905	\$ 7,603,262

HOUSING AUTHORITY OF THE COUNTY OF ERIE

LOW RENT/CFP STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Salsbury	College View	Pleasant Manor	Center Place	Marvin J. Schick	West Court	Random Court	Total
Assets and Deferred Outflows of Resources								
Assets:								
Current assets:								
Cash - unrestricted	\$ 265,173	\$ 163,184	\$ 122,385	\$ 106,069	\$ 61,194	\$ 48,955	\$ 28,557	\$ 795,517
Cash - tenant security deposits	6,869	4,227	3,170	2,747	1,585	1,268	740	20,606
Total cash	272,042	167,411	125,555	108,816	62,779	50,223	29,297	816,123
Accounts receivable - tenants	206	127	95	82	47	38	22	617
Prepaid expenses and other assets	2,007	1,235	926	803	463	371	216	6,021
Total current assets	274,255	168,773	126,576	109,701	63,289	50,632	29,535	822,761
Noncurrent assets:								
Capital assets, net	1,075,750	662,000	496,500	430,301	248,249	198,600	115,850	3,227,250
Net pension asset	34,823	21,430	16,072	13,929	8,036	6,430	3,750	104,470
Total noncurrent assets	1,110,573	683,430	512,572	444,230	256,285	205,030	119,600	3,331,720
Total Assets	1,384,828	852,203	639,148	553,931	319,574	255,662	149,135	4,154,481
Deferred Outflows of Resources:								
Deferred outflows of resources for pension	12,309	7,575	5,681	4,924	2,841	2,272	1,326	36,928
Total Assets and Deferred Outflows of Resources	\$ 1,397,137	\$ 859,778	\$ 644,829	\$ 558,855	\$ 322,415	\$ 257,934	\$ 150,461	\$ 4,191,409
Liabilities, Deferred Inflows of Resources, and Net Position								
Liabilities:								
Current liabilities:								
Accounts payable	\$ 9,452	\$ 5,816	\$ 4,358	\$ 3,781	\$ 2,183	\$ 1,747	\$ 1,018	\$ 28,355
Accrued compensated absences - current	5,927	3,648	2,736	2,371	1,368	1,094	638	17,782
Accounts payable - other government	14,574	8,969	6,727	5,830	3,362	2,691	1,570	43,723
Tenant security deposits	6,869	4,227	3,170	2,747	1,585	1,268	740	20,606
Total current liabilities	36,822	22,660	16,991	14,729	8,498	6,800	3,966	110,466
Noncurrent liabilities:								
Accrued compensated absences - non-current	6,414	3,947	2,960	2,566	1,480	1,184	691	19,242
Total noncurrent liabilities	6,414	3,947	2,960	2,566	1,480	1,184	691	19,242
Total Liabilities	43,236	26,607	19,951	17,295	9,978	7,984	4,657	129,708
Deferred Inflows of Resources:								
Deferred inflows of resources for pension	45,987	28,299	21,225	18,395	10,612	8,490	4,952	137,960
Net Position:								
Net investment in capital assets	1,075,750	662,000	496,500	430,301	248,249	198,600	115,850	3,227,250
Restricted	34,823	21,430	16,072	13,930	8,036	6,429	3,750	104,470
Unrestricted	197,341	121,442	91,081	78,934	45,540	36,431	21,252	592,021
Total Net Position	1,307,914	804,872	603,653	523,165	301,825	241,460	140,852	3,923,741
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,397,137	\$ 859,778	\$ 644,829	\$ 558,855	\$ 322,415	\$ 257,934	\$ 150,461	\$ 4,191,409

HOUSING AUTHORITY OF THE COUNTY OF ERIE

LOW RENT/CFP STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2022

	Salsbury	College View	Pleasant Manor	Center Place	Marvin J Schick	West Court	Random Court	Total
Operating Revenues:								
Net tenant revenue	\$ 253,478	\$ 129,441	\$ 121,809	\$ 84,851	\$ 28,669	\$ 17,117	\$ 6,188	\$ 641,553
HUD PHA operating grants	121,477	101,301	51,248	65,131	57,859	52,106	34,191	483,313
Other revenue	2,481	460	60	2,776	8,336	1,172	1,518	16,803
Total operating revenues	377,436	231,202	173,117	152,758	94,864	70,395	41,897	1,141,669
Operating Expenses:								
Administrative	75,042	46,842	33,667	29,743	16,490	13,192	7,695	222,671
Tenant services	67	41	31	27	15	12	7	200
Utilities	79,342	24,580	36,806	28,130	9,777	12,097	8,982	199,714
Maintenance and operations	158,860	80,711	63,331	54,632	42,842	27,189	15,057	442,622
Insurance premiums	19,290	13,109	9,442	12,947	6,319	5,699	4,994	71,800
Other general expenses	22,668	12,673	9,505	10,436	10,464	5,665	5,513	76,924
Total operating expenses	355,269	177,956	152,782	135,915	85,907	63,854	42,248	1,013,931
Operating Income (Loss)	22,167	53,246	20,335	16,843	8,957	6,541	(351)	127,738
Non-Operating Revenues (Expenses):								
Investment income - unrestricted	643	396	297	257	148	119	69	1,929
Investment income - restricted	4	3	2	2	1	1	-	13
RAD conversion expense	(58,158)	(35,789)	(26,842)	(23,263)	-	-	-	(144,052)
Depreciation expense	(112,814)	(69,424)	(52,067)	(45,126)	(26,034)	(20,827)	(12,149)	(338,441)
Total non-operating revenues (expenses)	(170,325)	(104,814)	(78,610)	(68,130)	(25,885)	(20,707)	(12,080)	(480,551)
Capital Contributions:								
HUD capital grants	86,047	62,102	47,447	44,150	121,242	60,243	64,507	485,738
Transfer Between Programs	-	-	-	-	-	-	-	-
Change in Net Position	(62,111)	10,534	(10,828)	(7,137)	104,314	46,077	52,076	132,925
Net position - beginning	1,370,025	794,338	614,481	530,302	197,511	195,383	88,776	3,790,816
Net position - ending	\$ 1,307,914	\$ 804,872	\$ 603,653	\$ 523,165	\$ 301,825	\$ 241,460	\$ 140,852	\$ 3,923,741

HOUSING AUTHORITY OF THE COUNTY OF ERIE

ACTUAL MODERNIZATION COST CERTIFICATE

<u>2020 Capital Fund Program Grant</u>	<u>PA28P087501-20</u>
Funds Approved	\$ 514,597
Funds Disbursed	\$ 514,597
Funds Expended (Actual Modernization Cost)	\$ 514,597
Amount to be Recaptured	\$ -
Excess of Funds Disbursed	\$ -
<u>2021 Capital Fund Program Grant</u>	<u>PA28P087501-21</u>
Funds Approved	\$ 349,601
Funds Disbursed	\$ 349,601
Funds Expended (Actual Modernization Cost)	\$ 349,601
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, 2022

<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	\$ 483,313	\$ -
Total Public and Indian Housing			<u>483,313</u>	<u>-</u>
Public Housing Capital Fund (CFP)	14.872	N/A	485,738	-
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	<u>4,808,877</u>	<u>17,773</u>
Total Housing Voucher Cluster			<u>4,808,877</u>	<u>17,773</u>
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	282,312	-
Section 8 Housing Assistance Payments Program	14.195	N/A	<u>239,042</u>	<u>-</u>
Total Section 8 Project-Based Cluster			<u>521,354</u>	<u>-</u>
Passed through the Commonwealth of Pennsylvania Department of Community and Economic Development:				
Community Development Block Grants	14.228	C000073161	26,605	-
Community Development Block Grants	14.228	C000076102	292,968	-
Community Development Block Grants	14.228	C000082881	2,888	-
COVID-19 Community Development Block Grants	14.228	C000075517	<u>4,313</u>	<u>-</u>
Total Community Development Block Grants			<u>326,774</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>6,626,056</u>	<u>17,773</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	407,409	-
COVID-19 Low-Income Home Energy Assistance	93.568	C000073871	<u>358,397</u>	<u>-</u>
Total Low-Income Home Energy Assistance			<u>765,806</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	183,150	-
Weatherization Assistance for Low-Income Persons	81.042	C000082833	<u>369,444</u>	<u>-</u>
Total Weatherization Assistance for Low-Income Persons			<u>552,594</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,944,456</u>	<u>\$ 17,773</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, 2022

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, 2022. 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, 2022

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

	CDBG 2019 C000073161	CDBG 2020 C000076102	CDBG 2020 (COVID) C000075517	CDBG 2021 C000082881
Due from DCED at				
December 31, 2021	\$ 3,544	\$ -	\$ -	\$ -
Receipts	30,149	291,413	4,313	2,888
Disbursements	<u>26,605</u>	<u>292,968</u>	<u>4,313</u>	<u>2,888</u>
Due from DCED at				
December 31, 2022	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ -</u>	<u>\$ -</u>

	LIHEAP C000073871	LIHEAP (ARPA) C000073871	Weatherization C000066297	Weatherization C000082833
Due from DCED at				
December 31, 2021	\$ -	\$ 132,326	\$ 33,848	\$ -
Receipts	380,789	429,426	216,998	293,663
Disbursements	<u>520,872</u>	<u>297,100</u>	<u>183,150</u>	<u>369,444</u>
Due from DCED at				
December 31, 2022	<u>\$ 140,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,781</u>

**Housing Authority of the
County of Erie**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 21, 2023.

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
June 21, 2023

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 programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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
June 21, 2023

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

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:

ALN(s)

14.871

93.568

Name of Federal Program or Cluster

Housing Voucher Cluster: Section 8 Housing Choice Vouchers

Low-Income Home Energy Assistance

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, 2022

NO FINDINGS IN PRIOR YEAR