

Housing Authority of the County of Erie

Single Audit

December 31, 2020

MaherDuessel

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HOUSING AUTHORITY OF THE COUNTY OF ERIE

YEAR ENDED DECEMBER 31, 2020

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages i through iv and pages 23 through 25, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 Financial Data Schedules, combining statement of net position, combining statement of revenues, expenses, and changes in net position, and actual modernization cost certificate are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements*,

Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Financial Data Schedules, combining statement of net position, combining statement of revenues, expenses, and changes in net position, actual modernization cost certificate, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules, combining statement of net position, combining statement of revenues, expenses, and changes in net position, actual modernization cost certificate, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2021 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
July 21, 2021

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
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, 2020 with selected comparative information for the fiscal year ended December 31, 2019. 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 2020 by \$6,233,781 (net position). Of this amount, \$2,331,607 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. Fixed assets increased by \$3,590 primarily from continued capital improvements.
3. Net position increased by \$556,659 for the fiscal year ended December 31, 2020 due mainly to an increase in total current assets.
4. Operating revenues increased \$580,371 due to increases in funding throughout all 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. Fixed 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, 2020
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, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Operating revenues | \$ 8,310,650 | \$ 7,730,279 |
| Operating expenses | 7,599,044 | 7,287,478 |
| Operating Income | 711,606 | 442,801 |
| Non-Operating Revenue & Expenses, net | (430,401) | (402,206) |
| Capital Contributions | 275,454 | 187,479 |
| Change in net position | 556,659 | 228,074 |
| Total Net Position – Beginning of year | 5,667,122 | 5,449,048 |
| Prior period adjustments/transfers | - | - |
| Total Net Position – End of year | \$ 6,233,781 | \$ 5,677,122 |

Operating revenues increased by \$580,371 due to increases in funding throughout all programs. Operating expenses increased by \$311,566 primarily due to increased DOE expenditures.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| Owned by Authority | 195 | 195 |
| Units under vouchers | 1,054 | 1,054 |
| Other vouchers | 118 | 118 |
| Total Housing Units Managed | 1,367 | 1,367 |

The Section 8 Voucher lease up rate averaged 82 percent during the fiscal year ended December 31, 2020. It is anticipated that the program lease-up will increase slightly during fiscal year 2021.

NET POSITION

Total net position increased from the previous year by \$556,659. 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, 2020 and 2019:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Capital Assets | \$16,773,303 | \$16,386,604 |
| Less capital related debt | (512,411) | (564,698) |
| Less accumulated depreciation | (12,525,650) | (12,140,682) |
| Construction in progress | 25,920 | 24,061 |
| Total Net Investment In Capital Assets | \$ 3,761,162 | \$ 3,705,285 |

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
Required Supplemental Information

FIXED ASSETS

Fixed 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, 2020 and 2019:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Land | \$ 431,477 | \$ 431,477 |
| Building and Improvements | 15,076,122 | 14,704,101 |
| Furniture and equipment – dwellings | 737,789 | 737,789 |
| Furniture and equipment – administration | 527,915 | 513,237 |
| Total | \$ 16,773,303 | \$ 16,386,604 |
| Less: accumulated depreciation | (12,525,650) | (12,140,682) |
| Construction in progress | 25,920 | 24,061 |
| Fixed assets, net | \$ 4,273,573 | \$ 4,269,983 |

FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets plus total deferred outflows less total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net position at December 31, 2020 and 2019:

| | 2020 | 2019 |
|------------------------------------|---------------------|---------------------|
| Assets | | |
| Current assets | \$ 3,285,983 | \$ 2,740,128 |
| Fixed assets | 4,273,573 | 4,269,983 |
| Total assets | \$ 7,559,556 | \$ 7,010,111 |
| Deferred Outflows - Pension | \$ 463,895 | \$ 373,205 |
| Liabilities | | |
| Current liabilities | \$ 427,691 | \$ 294,478 |
| Long-term liabilities | 1,333,756 | 1,383,493 |
| Total liabilities | \$ 1,761,447 | \$ 1,677,971 |
| Deferred Inflows -Pension | \$ 28,223 | \$ 28,223 |
| Net position | | |
| Net investment in capital assets | \$ 3,761,162 | \$ 3,705,285 |
| Restricted | 141,012 | 63,852 |
| Unrestricted | 2,331,607 | 1,907,985 |
| Total net position | \$ 6,233,781 | \$ 5,667,122 |

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

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
Required Supplemental Information

DEBT ADMINISTRATION

The Authority has a line of credit with a local bank in the amount of \$175,000. The outstanding balance of that line was \$0 at December 31, 2020.

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 \$15,540 at December 31, 2020.

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 \$512,411 at December 31, 2020.

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 2021. 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, 2020

| Assets and Deferred Outflows of Resources | |
|---|---------------------|
| Assets: | |
| Current assets: | |
| Cash - unrestricted | \$ 2,718,206 |
| Cash - restricted | 258,964 |
| Cash - tenant security deposits | 33,450 |
| Total cash | 3,010,620 |
| Accounts receivable - other governments | 161,752 |
| Accounts receivable - miscellaneous | 26,281 |
| Accounts receivable - tenants | 7,416 |
| Prepaid expenses and other assets | 11,584 |
| Inventories | 68,330 |
| Total current assets | 3,285,983 |
| Noncurrent assets: | |
| Capital assets, non-depreciable | 457,397 |
| Capital assets, depreciable net of accumulated depreciation | 3,816,176 |
| Total noncurrent assets | 4,273,573 |
| Total Assets | 7,559,556 |
| Deferred Outflows of Resources: | |
| Deferred outflows of resources for pension | 463,895 |
| Total Assets and Deferred Outflows of Resources | \$ 8,023,451 |

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF NET POSITION

DECEMBER 31, 2020
(Continued)

| Liabilities, Deferred Inflows of Resources, and Net Position | |
|---|------------------|
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | \$ 108,808 |
| Accrued wages and payroll taxes | 5,385 |
| Accrued compensated absences - current | 61,166 |
| Accounts payable - other government | 57,072 |
| Tenant security deposits | 33,450 |
| Unearned revenue | 117,952 |
| Current portion of long-term debt | 43,858 |
| | <hr/> |
| Total current liabilities | 427,691 |
| | <hr/> |
| Noncurrent liabilities: | |
| Accrued compensated absences - non-current | 75,712 |
| Long-term debt, net of current portion | 484,003 |
| Net pension liability | 774,041 |
| | <hr/> |
| Total noncurrent liabilities | 1,333,756 |
| | <hr/> |
| Total Liabilities | 1,761,447 |
| | <hr/> |
| Deferred Inflows of Resources: | |
| Deferred inflows of resources for pension | 28,223 |
| | <hr/> |
| Net Position: | |
| Net investment in capital assets | 3,761,162 |
| Restricted | 141,012 |
| Unrestricted | 2,331,607 |
| | <hr/> |
| Total Net Position | 6,233,781 |
| | <hr/> |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 8,023,451 |
| | <hr/> |

(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, 2020

Operating Revenues:

| | |
|---------------------------|------------------|
| Net tenant revenue | \$ 902,074 |
| HUD PHA operating grants | 6,015,875 |
| Other governmental grants | 1,055,359 |
| Other revenue | <u>337,342</u> |
| Total operating revenues | <u>8,310,650</u> |

Operating Expenses:

| | |
|-----------------------------|------------------|
| Housing assistance payments | 4,098,292 |
| Administrative | 1,275,912 |
| Tenant services | 128,892 |
| Utilities | 337,799 |
| Maintenance and operations | 1,530,008 |
| Insurance premiums | 111,753 |
| Other general expenses | <u>116,388</u> |
| Total operating expenses | <u>7,599,044</u> |

Operating Income (Loss)

711,606

Non-Operating Revenues (Expenses):

| | |
|---|------------------|
| Gain (loss) on sale of capital assets | 4,553 |
| Investment income - unrestricted | 8,287 |
| Investment income - restricted | 28 |
| Interest expense | (16,838) |
| Depreciation expense | <u>(426,431)</u> |
| Total non-operating revenues (expenses) | <u>(430,401)</u> |

Capital Contributions:

| | |
|--------------------|----------------|
| HUD capital grants | <u>275,454</u> |
|--------------------|----------------|

Change in Net Position

556,659

| | |
|--------------------------|----------------------------|
| Net position - beginning | <u>5,677,122</u> |
| Net position - ending | <u><u>\$ 6,233,781</u></u> |

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

Cash Flows From Operating Activities:

| | |
|---|--------------|
| Operating grants received | \$ 7,020,644 |
| Receipts from tenants | 905,330 |
| Other receipts | 381,496 |
| Payments to vendors for goods and services | (1,972,762) |
| Payments to employees and professionals | (1,499,132) |
| Housing assistance payments | (4,098,292) |
| | <hr/> |
| Net cash provided by (used in) operating activities | 737,284 |

Cash Flows From Capital and Related Financing Activities:

| | |
|---|-----------|
| HUD capital grants | 275,454 |
| Proceeds from sale of capital assets | 13,159 |
| Interest paid on long-term debt and lines of credit | (16,838) |
| Principal paid on lines of credit | (4,550) |
| Principal paid on long-term debt | (52,287) |
| Purchases and construction of capital assets | (438,627) |
| | <hr/> |
| Net cash provided by (used in) capital and related financing activities | (223,689) |

Cash Flows From Investing Activities:

| | |
|-----------------|-------|
| Interest income | 8,315 |
| | <hr/> |

| | |
|--|---------|
| Net Increase (Decrease) in Cash | 521,910 |
|--|---------|

Cash:

| | |
|-------------------|--------------|
| Beginning of year | 2,488,710 |
| | <hr/> |
| End of year | \$ 3,010,620 |
| | <hr/> <hr/> |

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020
(Continued)

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

| | |
|--|--------------------------|
| Operating income (loss) | \$ 711,606 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Change in assets and liabilities: | |
| Accounts receivable | (3,682) |
| Prepaid expenses and other assets | (93) |
| Inventories | (20,170) |
| Deferred outflows of resources for pension | (90,690) |
| Accounts payable | 11,210 |
| Accrued payroll and related taxes | 1,063 |
| Accrued compensated absences | 9,140 |
| Tenant security deposits | 948 |
| Unearned revenue | <u>117,952</u> |
| Total adjustments | <u>25,678</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ 737,284</u></u> |

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

Operating Revenues and Expenses

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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.

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

do not extend the useful life of an asset, along with routine repair and maintenance costs, are charged to operations as incurred.

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.

Unearned Revenues

Unearned revenues arise when resources are received by the Authority before it has legal claim to them, such as when funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the Authority has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized. Included in unearned revenue at December 31, 2020 is \$117,952 received from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) for the Housing Choice Voucher Program.

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.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 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, 2020 consisted of Section 8 Housing Choice Voucher funds that must be used for activities related to the provision of tenant-based rental assistance.
- Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Restricted and Unrestricted Resources

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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.

Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) statements were adopted for the year ended December 31, 2020: Statement Nos. 84 (Fiduciary Activities) and 90 (Major Equity Interests – an amendment of GASB statements No. 14 and No. 61). These statements had no significant impact on the Authority's financial statements for the year ended December 31, 2020.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including 87 (Leases), 89 (Accounting for Interest Cost), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

2. Cash

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

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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, 2020, \$658,887 of the Authority's \$3,124,302 bank balance was insured by the Federal Deposit Insurance Corporation and National Credit Union Administration. The remaining bank balance was exposed to custodial credit risk, which is collateralized in 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 \$3,010,620 as of December 31, 2020.

Restricted Cash

Cash was restricted at December 31, 2020 for the following purpose:

| | | |
|--|----|----------------|
| Housing assistance payments | \$ | 141,012 |
| COVID-19 Housing Choice Vouchers funds | | 117,952 |
| Tenant security deposits | | 33,450 |
| Total | \$ | <u>292,414</u> |

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

3. Capital Assets

A summary of changes in capital assets during 2020 is as follows:

| | December 31, 2019 | Increases | Decreases | December 31, 2020 |
|--|----------------------|-----------|-------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 431,477 | \$ - | \$ - | \$ 431,477 |
| Construction in progress | 24,061 | 25,920 | (24,061) | 25,920 |
| Total capital assets not being depreciated | 455,538 | 25,920 | (24,061) | 457,397 |
| Capital assets being depreciated: | | | | |
| Buildings | 14,704,101 | 372,021 | - | 15,076,122 |
| Furniture, equipment, and machinery - dwellings | 737,789 | - | - | 737,789 |
| Furniture, equipment, and machinery - administration | 513,237 | 64,747 | (50,069) | 527,915 |
| Total capital assets, being depreciated | 15,955,127 | 436,768 | (50,069) | 16,341,826 |
| Less accumulated depreciation | (12,140,682) | (426,431) | 41,463 | (12,525,650) |
| Total capital assets being depreciated, net | 3,814,445 | 10,337 | (8,606) | 3,816,176 |
| Total capital assets | \$ 4,269,983 | \$ 36,257 | \$ (32,667) | \$ 4,273,573 |

4. Long-Term Liabilities

Mortgage Payable

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

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YEAR ENDED DECEMBER 31, 2020

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

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|-------------------|-------------------|-------------------|
| 2021 | \$ 28,408 | \$ 18,148 | \$ 46,556 |
| 2022 | 29,269 | 17,287 | 46,556 |
| 2023 | 28,148 | 21,406 | 49,554 |
| 2024 | 29,207 | 20,347 | 49,554 |
| 2025 | 30,424 | 19,130 | 49,554 |
| 2026-2030 | 171,164 | 76,604 | 247,768 |
| 2031-2035 | 195,791 | 39,826 | 235,617 |
| Total long-term debt | <u>\$ 512,411</u> | <u>\$ 212,748</u> | <u>\$ 725,159</u> |

The schedule of changes in long-term liability activity for the year ended December 31, 2020 is presented below:

| | Balance at December 31, 2019 | Additions | Deletions | Balance at December 31, 2020 | Due Within One Year |
|----------------------|---------------------------------|------------------|--------------------|---------------------------------|------------------------|
| Mortgage payable | \$ 564,698 | \$ - | \$ (52,287) | \$ 512,411 | \$ 28,408 |
| Compensated absences | 127,738 | 18,204 | (9,064) | 136,878 | 61,166 |
| | <u>\$ 692,436</u> | <u>\$ 18,204</u> | <u>\$ (61,351)</u> | <u>\$ 649,289</u> | <u>\$ 89,574</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, 2020, 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, 2020, the rate on the line was 3.75% and there was a \$15,450 outstanding balance. The Authority intends to repay the outstanding

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YEAR ENDED DECEMBER 31, 2020

balance in 2021; 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 2020, employees of the Authority contributed \$12,495 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, 2020

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, 2018, 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> |

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

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, 2020, the Authority contributed the funds necessary to meet the MMO for the Plan in the amount of \$90,690.

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YEAR ENDED DECEMBER 31, 2020

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

Changes in the Net Pension Liability

The changes in the Authority's net pension liability based on a measurement date of December 31, 2018 are as follows:

| | Total Pension Liability | Plan Net Position | Net Pension Liability |
|---|----------------------------|---------------------|--------------------------|
| Balances at December 31, 2017 | \$ 4,586,490 | \$ 4,287,492 | \$ 298,998 |
| Changes for the year: | | | |
| Service cost | 63,089 | - | 63,089 |
| Interest | 236,993 | - | 236,993 |
| Changes in assumptions | - | - | - |
| Differences between expected and actual experience | 153,565 | - | 153,565 |
| Contributions - employer | - | 76,311 | (76,311) |
| Contributions - PMRS assessment | - | 1,000 | (1,000) |
| Contributions - employee | - | 28,963 | (28,963) |
| Net investment income | - | (117,653) | 117,653 |
| Benefit payments | (274,370) | (274,370) | - |
| Administrative expense | - | (10,017) | 10,017 |
| Balances at December 31, 2018 | <u>\$ 4,765,767</u> | <u>\$ 3,991,726</u> | <u>\$ 774,041</u> |
| Plan fiduciary net position as a percentage of the total net pension liability | | | <u>83.76%</u> |

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2019, with liabilities measured at December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

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

Actuarial assumptions based on PMRS Experience Study for the period January 1, 2009 to December 31, 2013

Pre-retirement mortality:

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

Post-retirement mortality:

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

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

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

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

The following are the System Nominal and Real Rates of Return by Asset Class as of December 31, 2018:

| Asset Class | Target Allocation | Nominal Rate of Return | Long-Term Expected Real Rate of Return |
|---|-------------------|------------------------|--|
| Domestic equity (large capitalized firms) | 25% | 7.3% | 4.6% |
| Domestic equity (small capitalized firms) | 15% | 10.0% | 7.3% |
| International equity (developed markets) | 15% | 6.2% | 3.5% |
| International equity (emerging markets) | 10% | 10.6% | 8.3% |
| Real estate | 20% | 8.5% | 5.4% |
| Fixed income | 15% | 3.3% | 1.1% |
| | 100% | 7.5% | 4.8% |

Based on the three-part analysis, the PMRS Board established the System's long-term expected rate of return at 7.0%. The money-weighted rate of return for December 31, 2018 was -4.57%, which is the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate. The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Authority's contributions will be made based on the yearly MMO calculation. Based on

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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> </u> | <u> </u> | <u> </u> |
| \$ 1,300,095 | \$ 774,041 | \$ 329,378 |
| <u> </u> | <u> </u> | <u> </u> |

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

For the year ended December 31, 2020, the Authority recognized pension expense of \$0. At December 31, 2020, 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 |
|---|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 212,468 | \$ - |
| Pension contributions subsequent to measurement date | 178,855 | - |
| Change in assumptions | 72,572 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 28,223 |
| Total | <u>\$ 463,895</u> | <u>\$ 28,223</u> |

\$178,855 reported as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

| <u>Year Ending December 31,</u> | |
|---------------------------------|-------------------|
| 2020 | \$ 80,313 |
| 2021 | 39,864 |
| 2022 | 41,717 |
| 2023 | <u>94,923</u> |
| | <u>\$ 256,817</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 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 2021, 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.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

10. COVID-19 Impact

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications, and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic-related issues. The Authority does receive a substantial portion of its income from HUD subsidy payments, which helps to mitigate the potential significant losses noted above. The future effects of these issues are unknown.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31*

| | 2020** | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability: | | | | | | |
| Service cost | \$ - | \$ 63,089 | \$ 64,685 | \$ 62,399 | \$ 73,215 | \$ 85,986 |
| Interest | - | 236,993 | 235,736 | 233,551 | 228,966 | 226,445 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | - | 153,565 | - | 84,580 | - | 165,642 |
| Changes of assumptions | - | - | - | 114,831 | 35,370 | - |
| Transfers | - | - | - | - | - | (372,337) |
| Benefit payments, including refunds of employee contributions | - | (274,370) | (275,385) | (232,682) | (253,779) | (208,430) |
| Net Changes in Total Pension Liability | - | 179,277 | 25,036 | 262,679 | 83,772 | (102,694) |
| Total Pension Liability - Beginning | <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> | <u>4,317,697</u> |
| Total Pension Liability - Ending (a) | <u>\$ 4,765,767</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 | \$ - | \$ 76,311 | \$ 104,894 | \$ 86,773 | \$ 87,358 | \$ 74,527 |
| Employee contributions | - | 29,963 | 30,676 | 30,847 | 31,810 | 30,750 |
| Net investment income | - | (117,653) | 661,590 | 335,425 | 82 | 285,316 |
| Transfers | - | - | - | - | - | (372,337) |
| Benefit payments, including refunds of employee contributions | - | (274,370) | (275,385) | (232,682) | (253,779) | (208,430) |
| Administrative expense | - | (10,017) | (10,308) | (11,082) | (9,335) | (8,422) |
| Net Change in Plan Fiduciary Net Position | - | (295,766) | 511,467 | 209,281 | (143,864) | (198,596) |
| Plan Fiduciary Net Position - Beginning | <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> | <u>3,909,204</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 3,991,726</u> | <u>\$ 3,991,726</u> | <u>\$ 4,287,492</u> | <u>\$ 3,776,025</u> | <u>\$ 3,566,744</u> | <u>\$ 3,710,608</u> |
| Net Pension Liability - Ending (a-b) | <u>\$ 774,041</u> | <u>\$ 774,041</u> | <u>\$ 298,998</u> | <u>\$ 785,429</u> | <u>\$ 732,031</u> | <u>\$ 504,395</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | <u>83.76%</u> | <u>83.76%</u> | <u>93.48%</u> | <u>82.78%</u> | <u>82.97%</u> | <u>88.03%</u> |
| Covered Payroll | <u>\$ 965,432</u> | <u>\$ 965,432</u> | <u>\$ 989,855</u> | <u>\$ 1,028,776</u> | <u>\$ 1,060,338</u> | <u>\$ 1,222,304</u> |
| Net Pension Liability as a Percentage of Covered Payroll | 80.18% | 80.18% | 30.21% | 76.35% | 69.04% | 41.27% |

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

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

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

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 | 1/1/2017 |
| 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 | 3.00% |
| Pre- and post-mortality assumptions: | Males - RP 2000 with 1 year set back Females - RP 2000 with 5 year set back Post Mortality - Sex distinct RP-2000 Combined Health Mortality |
| Retirement age | Age 60; for employees over age 60, immediate retirement is assumed |

Benefit Changes

No benefit terms were modified.

Changes in Actuarial Assumptions

Investment return assumption for municipal assets decreased from 5.50% for 2016 and 2015 to 5.25% for 2017 and 2018.

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

| 2020 | Description | Low Rent/CFP 14.850/14.872 | Public Housing Cares Act Funding 14.PHC | Housing Choice 14.871 | HCV Cares Act Funding 14.HCC | Section 8 New Construction 14.182 | South Hill 14.195 | CDBG 14.228 | DOE 81.042 | LIHEAP 93.568 | Business Activities | Subtotal | Elimination | TOTAL |
|-------|--|-------------------------------|---|--------------------------|------------------------------------|---|----------------------|----------------|----------------|------------------|------------------------|------------------|------------------|------------------|
| 111 | Cash - unrestricted | 750,428 | - | 870,539 | - | 726,278 | 221,560 | 2,500 | 130,782 | - | 16,119 | 2,718,206 | - | 2,718,206 |
| 112 | Cash - restricted - modernization and development | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 113 | Cash - other restricted | - | - | 141,012 | 117,952 | - | - | - | - | - | - | 258,964 | - | 258,964 |
| 114 | Cash - tenant security deposits | 21,101 | - | - | - | 8,175 | 3,584 | - | - | - | 590 | 33,450 | - | 33,450 |
| 115 | Cash - restricted for payment of current liability | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 100 | Total Cash | 771,529 | - | 1,011,551 | 117,952 | 734,453 | 225,144 | 2,500 | 130,782 | - | 16,709 | 3,010,620 | - | 3,010,620 |
| 121 | Accounts receivable - PHA projects | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 122 | Accounts receivable - HUD other projects | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 124 | Account receivable - other government | - | - | - | - | - | - | 2,697 | 77,603 | 81,452 | - | 161,752 | - | 161,752 |
| 125 | Account receivable - miscellaneous | - | - | - | - | - | - | - | 26,281 | - | - | 26,281 | - | 26,281 |
| 126 | Accounts receivable - tenants | 1,930 | - | - | - | 2,912 | 2,574 | - | - | - | - | 7,416 | - | 7,416 |
| 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 | 1,930 | - | - | - | 2,912 | 2,574 | 2,697 | 103,884 | 81,452 | - | 195,449 | - | 195,449 |
| 131 | Investments - unrestricted | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 132 | Investments - restricted | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 135 | Investments - restricted for payment of current liability | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 142 | Prepaid expenses and other assets | 5,589 | - | 898 | - | 1,295 | 1,629 | - | 1,763 | 241 | 169 | 11,584 | - | 11,584 |
| 143 | Inventories | - | - | - | - | - | - | - | 68,330 | - | - | 68,330 | - | 68,330 |
| 143.1 | Allowance for obsolete inventories | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 144 | Inter-program - due from | - | - | - | - | 182,693 | - | - | 5,390 | - | - | 188,083 | (188,083) | - |
| 145 | Assets held for sale | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Total Current Assets | 779,048 | - | 1,012,449 | 117,952 | 921,353 | 229,347 | 5,197 | 310,149 | 81,693 | 16,878 | 3,474,066 | (188,083) | 3,285,983 |
| 161 | Land | 359,361 | - | - | - | - | 26,016 | - | - | - | 46,100 | 431,477 | - | 431,477 |
| 162 | Buildings | 11,890,828 | - | - | - | 2,331,280 | 639,039 | - | 58,975 | - | 156,000 | 15,076,122 | - | 15,076,122 |
| 163 | Furniture, equipment and machinery - dwellings | 634,032 | - | - | - | 73,425 | - | - | - | - | 30,332 | 737,789 | - | 737,789 |
| 164 | Furniture, equipment and machinery - administration | 185,488 | - | 33,327 | - | 143,824 | - | - | 165,276 | - | - | 527,915 | - | 527,915 |
| 165 | Leasehold improvements | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 166 | Accumulated depreciation | (10,053,201) | - | (4,761) | - | (2,205,754) | (51,523) | - | (173,595) | - | (36,816) | (12,525,650) | - | (12,525,650) |
| 167 | Construction in progress | 15,252 | - | 10,668 | - | - | - | - | - | - | - | 25,920 | - | 25,920 |
| 168 | Infrastructure | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 160 | Total capital assets, net of accumulated depreciation | 3,031,760 | - | 39,234 | - | 342,775 | 613,532 | - | 50,656 | - | 195,616 | 4,273,573 | - | 4,273,573 |
| 171 | Notes, loans, & mortgages receivable - non-current | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 172 | Notes, loans, & mortgages receivable - non-current - past due | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 173 | Grants receivable - non-current | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 174 | Other assets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 176 | Investment in joint venture | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 180 | Total Non-current Assets | 3,031,760 | - | 39,234 | - | 342,775 | 613,532 | - | 50,656 | - | 195,616 | 4,273,573 | - | 4,273,573 |
| 190 | Total Assets | 3,810,808 | - | 1,051,683 | 117,952 | 1,264,128 | 842,879 | 5,197 | 360,805 | 81,693 | 212,494 | 7,747,639 | (188,083) | 7,559,556 |
| 200 | Deferred Outflow of Resources | 118,001 | - | 106,954 | - | 47,077 | 12,240 | - | 131,678 | 47,945 | - | 463,895 | - | 463,895 |
| 290 | Total Assets and Deferred Outflow of Resources | 3,928,809 | - | 1,158,637 | 117,952 | 1,311,205 | 855,119 | 5,197 | 492,483 | 129,638 | 212,494 | 8,211,534 | (188,083) | 8,023,451 |

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

| 2020 | Description | Low Rent/CFP 14.850/14.872 | Public Housing Cares Act Funding 14.PHC | Housing Choice 14.871 | HCV Cares Act Funding 14.HCC | Section 8 New Construction 14.182 | South Hill 14.195 | CDBG 14.228 | DOE 81.042 | LIHEAP 93.568 | Business Activities | Subtotal | Elimination | TOTAL |
|-------|---|-------------------------------|---|--------------------------|------------------------------------|---|----------------------|----------------|----------------|------------------|------------------------|------------------|------------------|------------------|
| 311 | Bank overdraft | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 312 | Accounts payable <= 90 days | 45,336 | - | 6,498 | - | 28,091 | 4,137 | 198 | 12,867 | 11,582 | 99 | 108,808 | - | 108,808 |
| 313 | Accounts payable > 90 days past due | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 321 | Accrued wage/payroll taxes payable | - | - | - | - | 5,385 | - | - | - | - | - | 5,385 | - | 5,385 |
| 322 | Accrued compensated absences - current portion | 15,368 | - | 22,850 | - | 10,668 | 3,763 | - | 5,706 | 2,811 | - | 61,166 | - | 61,166 |
| 324 | Accrued contingency liability | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 325 | Accrued interest payable | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 331 | Accounts payable - HUD PHA Programs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 332 | Accounts payable - PHA Projects | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 333 | Accounts payable - other government | 38,787 | - | 1,315 | - | 14,464 | 6 | 2,500 | - | - | - | 57,072 | - | 57,072 |
| 341 | Tenant security deposits | 21,101 | - | - | - | 8,175 | 3,584 | - | - | - | 590 | 33,450 | - | 33,450 |
| 342 | Unearned revenue | - | - | - | 117,952 | - | - | - | - | - | - | 117,952 | - | 117,952 |
| 343 | Current portion of long-term debt - capital projects/mortgage revenue bonds | - | - | - | - | - | 28,408 | - | - | - | - | 28,408 | - | 28,408 |
| 344 | Current portion of long-term debt - operating borrowings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 345 | Other current liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 346 | Accrued liabilities - other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 347 | Inter-program - due to | 42,075 | - | 43,039 | - | - | 6,779 | 2,499 | 57,536 | 35,552 | 603 | 188,083 | (188,083) | - |
| 348 | Loan liability - current | - | - | - | - | - | - | - | - | - | 15,450 | 15,450 | - | 15,450 |
| 310 | Total Current Liabilities | 162,667 | - | 73,702 | 117,952 | 66,783 | 46,677 | 5,197 | 76,109 | 49,945 | 16,742 | 615,774 | (188,083) | 427,691 |
| 351 | Capital Projects/ Mortgage Revenue Bonds | - | - | - | - | - | 484,003 | - | - | - | - | 484,003 | - | 484,003 |
| 352 | Long-term debt, net of current - operating borrowings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 353 | Non-current liabilities - other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 354 | Accrued compensated absences - non-current | 19,023 | - | 28,283 | - | 13,205 | 4,658 | - | 7,064 | 3,479 | - | 75,712 | - | 75,712 |
| 355 | Loan liability - non-current | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 356 | FASB 5 Liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 357 | Accrued pension and OPEB liabilities | 196,893 | - | 178,460 | - | 78,552 | 20,424 | - | 219,713 | 79,999 | - | 774,041 | - | 774,041 |
| 350 | Total Non-Current Liabilities | 215,916 | - | 206,743 | - | 91,757 | 509,085 | - | 226,777 | 83,478 | - | 1,333,756 | - | 1,333,756 |
| 300 | Total Liabilities | 378,583 | - | 280,445 | 117,952 | 158,540 | 555,762 | 5,197 | 302,886 | 133,423 | 16,742 | 1,949,530 | (188,083) | 1,761,447 |
| 400 | Deferred Inflow of Resources | 7,179 | - | 6,507 | - | 2,864 | 745 | - | 8,011 | 2,917 | - | 28,223 | - | 28,223 |
| 508.1 | Net Investment in Capital Assets | 3,031,760 | - | 39,234 | - | 342,775 | 101,121 | - | 50,656 | - | 195,616 | 3,761,162 | - | 3,761,162 |
| 511.1 | Restricted Net Position | - | - | 141,012 | - | - | - | - | - | - | - | 141,012 | - | 141,012 |
| 512.1 | Unrestricted Net Position | 511,287 | - | 691,439 | - | 807,026 | 197,491 | - | 130,930 | (6,702) | 136 | 2,331,607 | - | 2,331,607 |
| 513 | Total Equity - Net Position | 3,543,047 | - | 871,685 | - | 1,149,801 | 298,612 | - | 181,586 | (6,702) | 195,752 | 6,233,781 | - | 6,233,781 |
| 600 | Total Liabilities, Deferred Inflows of Resources and Equity - Net Position | 3,928,809 | - | 1,158,637 | 117,952 | 1,311,205 | 855,119 | 5,197 | 492,483 | 129,638 | 212,494 | 8,211,534 | (188,083) | 8,023,451 |

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

| 2020 | Description | Low Rent 14.850 | CFP 14.872 | Public Housing Cares Act Funding 14.PHC | Housing Choice 14.871 | HCV Cares Act Funding 14.HCC | Section 8 New Construction 14.182 | South Hill 14.195 | CDBG 14.228 | DOE 81.042 | LIHEAP 93.568 | Business Activities | Subtotal | Elimination | TOTAL |
|-----------|---|--------------------|----------------|---|--------------------------|------------------------------------|---|----------------------|----------------|----------------|------------------|------------------------|------------------|-------------|------------------|
| 70300 | Net tenant rental revenue | 572,357 | - | - | - | - | 235,139 | 40,677 | - | - | - | 19,860 | 868,033 | - | 868,033 |
| 70400 | Tenant revenue - other | 7,570 | - | - | - | - | 2,715 | 8,329 | - | - | - | 15,427 | 34,041 | - | 34,041 |
| 70500 | Total Tenant Revenue | 579,927 | - | - | - | - | 237,854 | 49,006 | - | - | - | 35,287 | 902,074 | - | 902,074 |
| 70600-010 | Housing assistance payments | | | | 4,152,625 | | | | | | | | - | - | - |
| 70600-020 | Ongoing administrative fees earned | | | | 666,073 | | | | | | | | - | - | - |
| 70600-030 | Hard to house fee revenue | | | | - | | | | | | | | - | - | - |
| 70600-060 | All other fees | | | | - | | | | | | | | - | - | - |
| 70600 | HUD PHA operating grants | 379,508 | 65,000 | 58,409 | 4,818,698 | 168,654 | 271,390 | 254,216 | - | - | - | - | 6,015,875 | - | 6,015,875 |
| 70610 | Capital grants | - | 275,454 | - | - | - | - | - | - | - | - | - | 275,454 | - | 275,454 |
| 70800 | Other government grants | - | - | - | - | - | - | - | 538,761 | 284,023 | 232,575 | - | 1,055,359 | - | 1,055,359 |
| 71100 | Investment income - unrestricted | 786 | - | - | 5,435 | - | 1,414 | 644 | - | - | - | 8 | 8,287 | - | 8,287 |
| 71200 | Mortgage interest income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 71300 | Proceeds from disposition of assets held for sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 71310 | Cost of sale of assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 71400 | Fraud recovery | - | - | - | 19,280 | - | - | - | - | - | - | - | 19,280 | - | 19,280 |
| 71500 | Other revenue | 5,539 | - | - | 14,315 | - | 145 | 1,613 | - | 296,420 | - | 30 | 318,062 | - | 318,062 |
| 71600 | Gain or loss on sale of capital assets | - | - | - | 4,153 | - | 400 | - | - | - | - | - | 4,553 | - | 4,553 |
| 72000 | Investment income - restricted | 28 | - | - | - | - | - | - | - | - | - | - | 28 | - | 28 |
| 70000 | Total Revenue | 965,788 | 340,454 | 58,409 | 4,861,881 | 168,654 | 511,203 | 305,479 | 538,761 | 580,443 | 232,575 | 35,325 | 8,598,972 | - | 8,598,972 |
| 91100 | Administrative salaries | 44,385 | 35,750 | 23,719 | 269,283 | 22,372 | 119,405 | 30,698 | 23,343 | 179,273 | 35,205 | 3,331 | 786,764 | - | 786,764 |
| 91200 | Auditing fees | 2,680 | - | - | 20,219 | - | 1,224 | 2,126 | 1,042 | 860 | 1,174 | - | 29,325 | - | 29,325 |
| 91300 | Management fee | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 91310 | Book-keeping Fee | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 91400 | Advertising and marketing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 91500 | Employee benefit contributions - administrative | 6,496 | 29,250 | 6,439 | 113,497 | 4,967 | 47,237 | 11,425 | - | - | - | 1,200 | 220,511 | - | 220,511 |
| 91600 | Office expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 91700 | Legal expense | 3,540 | - | - | 5,310 | - | 308 | 120 | - | - | - | 989 | 10,267 | - | 10,267 |
| 91800 | Travel | 16,096 | - | - | 3,708 | - | 564 | - | - | - | - | - | 20,368 | - | 20,368 |
| 91810 | Allocated Overhead | 40,897 | - | - | 41,835 | - | 20,057 | 6,589 | - | - | - | 586 | 109,964 | - | 109,964 |
| 91900 | Other | 22,846 | - | - | 18,848 | - | 6,123 | 2,890 | 1,304 | 42,067 | 4,259 | 376 | 98,713 | - | 98,713 |
| 91000 | Total Operating-Administrative | 136,940 | 65,000 | 30,158 | 472,700 | 27,339 | 194,918 | 53,848 | 25,689 | 222,200 | 40,638 | 6,482 | 1,275,912 | - | 1,275,912 |
| 92100 | Tenant services - salaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 92200 | Relocation costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 92300 | Employee benefit contributions - tenant services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 92400 | Tenant services - other | 946 | - | 30,626 | - | 97,320 | - | - | - | - | - | - | 128,892 | - | 128,892 |
| 92500 | Total Tenant Services | 946 | - | 30,626 | - | 97,320 | - | - | - | - | - | - | 128,892 | - | 128,892 |
| 93100 | Water | 49,003 | - | - | - | - | 21,022 | 13,671 | - | - | - | 243 | 83,939 | - | 83,939 |
| 93200 | Electricity | 62,626 | - | - | - | - | 44,466 | 9,709 | - | - | - | 1,420 | 118,221 | - | 118,221 |
| 93300 | Gas | 15,018 | - | - | - | - | - | - | - | - | - | 742 | 15,760 | - | 15,760 |
| 93400 | Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 93500 | Labor | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 93600 | Sewer | 69,913 | - | - | - | - | 26,794 | 22,763 | - | - | - | 409 | 119,879 | - | 119,879 |
| 93700 | Employee benefit contributions - utilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 93800 | Other utilities expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 93000 | Total Utilities | 196,560 | - | - | - | - | 92,282 | 46,143 | - | - | - | 2,814 | 337,799 | - | 337,799 |
| 94100 | Ordinary maintenance and operations - labor | 171,434 | - | - | - | - | 24,502 | 18,766 | - | 108,878 | 56,172 | 1,278 | 381,030 | - | 381,030 |
| 94200 | Ordinary maintenance and operations - materials and other | 55,949 | - | - | - | - | 21,434 | 17,329 | - | 164,060 | 128,133 | 119 | 387,024 | - | 387,024 |
| 94300 | Ordinary Maintenance and Operations Contracts | 101,309 | - | - | - | - | 41,493 | 13,123 | 513,072 | - | - | 2,078 | 671,075 | - | 671,075 |
| 94500 | Employee benefit contribution - ordinary maintenance | 73,626 | - | - | - | - | 9,559 | 7,234 | - | - | - | 460 | 90,879 | - | 90,879 |
| 94000 | Total Maintenance and Operations | 402,318 | - | - | - | - | 96,988 | 56,452 | 513,072 | 272,938 | 184,305 | 3,935 | 1,530,008 | - | 1,530,008 |

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

| 2020 | Description | Low Rent 14.850 | CFP 14.872 | Public Housing Cares Act Funding 14.PHC | Housing Choice 14.871 | HCV Cares Act Funding 14.HCC | Section 8 New Construction 14.182 | South Hill 14.195 | CDBG 14.228 | DOE 81.042 | LIHEAP 93.568 | Business Activities | Subtotal | Elimination | TOTAL |
|-----------|---|--------------------|----------------|---|--------------------------|------------------------------------|---|----------------------|----------------|----------------|------------------|------------------------|------------------|-------------|------------------|
| 95100 | Protective services - labor | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 95200 | Protective services - other contract costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 95300 | Protective services - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 95500 | Employee benefit contributions - protective services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 95000 | Total Protective Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96110 | Property insurance | 64,904 | - | - | - | - | 14,853 | 18,685 | - | - | - | 1,935 | 100,377 | - | 100,377 |
| 96120 | Liability insurance | 2,423 | - | - | - | - | 562 | 706 | - | 6,673 | 940 | 72 | 11,376 | - | 11,376 |
| 96130 | Workmen's compensation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96140 | All other insurance | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96100 | Total Insurance Premiums | 67,327 | - | - | - | - | 15,415 | 19,391 | - | 6,673 | 940 | 2,007 | 111,753 | - | 111,753 |
| 96200 | Other general expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96210 | Compensated absences | 15,658 | - | - | 19,506 | - | 9,926 | 3,068 | - | 6,201 | 3,054 | - | 57,413 | - | 57,413 |
| 96300 | Payments in lieu of taxes | 38,209 | - | - | - | - | 14,286 | - | - | - | - | - | 52,495 | - | 52,495 |
| 96400 | Bad debt - tenant rents | 6,370 | - | - | - | - | 102 | 8 | - | - | - | - | 6,480 | - | 6,480 |
| 96500 | Bad debt - mortgages | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96600 | Bad debt - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96800 | Severance expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96000 | Total Other General Expenses | 60,237 | - | - | 19,506 | - | 24,314 | 3,076 | - | 6,201 | 3,054 | - | 116,388 | - | 116,388 |
| 96710 | Interest of mortgage (or bonds) payable | - | - | - | - | - | - | 16,111 | - | - | - | - | 16,111 | - | 16,111 |
| 96720 | Interest on notes payable (short and long term) | - | - | - | - | - | - | - | - | - | - | 727 | 727 | - | 727 |
| 96730 | Amortization of bond issue costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 96700 | Total Interest expense and amortization cost | - | - | - | - | - | - | 16,111 | - | - | - | 727 | 16,838 | - | 16,838 |
| 96900 | Total Operating Expenses | 864,328 | 65,000 | 60,784 | 492,206 | 124,659 | 423,917 | 195,021 | 538,761 | 508,012 | 228,937 | 15,965 | 3,517,590 | - | 3,517,590 |
| 97000 | Excess Revenue Over Operating Expenses | 101,460 | 275,454 | (2,375) | 4,369,675 | 43,995 | 87,286 | 110,458 | - | 72,431 | 3,638 | 19,360 | 5,081,382 | - | 5,081,382 |
| 97100 | Extraordinary maintenance | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97200 | Casualty losses - non-capitalized | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-010 | Mainstream 1 & 5 year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-020 | Home-Ownership | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-025 | Litigation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-030 | Hope IV | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-035 | Moving to Work | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-040 | Tenant Protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-041 | Portability Out | - | - | - | 14,090 | - | - | - | - | - | - | - | - | - | - |
| 97300-045 | FSS Escrow Deposits | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97300-050 | All Other | - | - | - | 4,071,015 | - | - | - | - | - | - | - | - | - | - |
| 97300 | Housing assistance payments | - | - | - | 4,085,105 | - | - | - | - | - | - | - | 4,085,105 | - | 4,085,105 |
| 97350 | HAP Portability-In | - | - | - | 13,187 | - | - | - | - | - | - | - | 13,187 | - | 13,187 |
| 97400 | Depreciation expense | 217,251 | 139,284 | - | 4,761 | - | 35,698 | 17,367 | - | 2,894 | - | 9,176 | 426,431 | - | 426,431 |
| 97500 | Fraud losses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 97800 | Dwelling units rent expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 90000 | Total Expenses | 1,081,579 | 204,284 | 60,784 | 4,595,259 | 124,659 | 459,615 | 212,388 | 538,761 | 510,906 | 228,937 | 25,141 | 8,042,313 | - | 8,042,313 |
| 10010 | Operating transfer in | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10020 | Operating transfer out | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10070 | Extraordinary items, net gain/loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10080 | Special items, net gain/loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10093 | Transfers between programs and projects in | - | - | 2,375 | - | - | - | - | - | - | - | - | 2,375 | (2,375) | - |
| 10094 | Transfers between programs and projects out | (2,375) | - | - | - | - | - | - | - | - | - | - | (2,375) | 2,375 | - |
| 10100 | Total other financing sources (uses) | (2,375) | - | 2,375 | - | - | - | - | - | - | - | - | - | - | - |
| 10000 | Excess (Deficiency) of Revenue Over (Under) Expenses | (118,166) | 136,170 | - | 266,622 | 43,995 | 51,588 | 93,091 | - | 69,537 | 3,638 | 10,184 | 556,659 | - | 556,659 |

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

| 2020 | Description | Low Rent 14.850 | CFP 14.872 | Public Housing Cares Act Funding 14.PHC | Housing Choice 14.871 | HCV Cares Act Funding 14.HCC | Section 8 New Construction 14.182 | South Hill 14.195 | CDBG 14.228 | DOE 81.042 | LIHEAP 93.568 | Business Activities | Subtotal | Elimination | TOTAL |
|-----------|--|--------------------|---------------|---|--------------------------|------------------------------------|---|----------------------|----------------|---------------|------------------|------------------------|-----------|-------------|-----------|
| 11020 | Required Annual Debt Principal Payments | - | - | - | - | - | - | 27,519 | - | - | - | - | 27,519 | - | 27,519 |
| 11030 | Beginning equity | 3,525,043 | - | - | 561,068 | - | 1,110,373 | 205,521 | - | 112,049 | (10,340) | 173,408 | 5,677,122 | - | 5,677,122 |
| 11040-030 | Equity Transfers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11040-040 | Equity Transfers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11040-050 | Equity Transfers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11040-060 | Equity Transfers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11040-070 | Equity Transfers | - | - | - | 43,995 | (43,995) | (12,160) | - | - | - | - | 12,160 | - | - | - |
| 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 | - | - | - | 43,995 | (43,995) | (12,160) | - | - | - | - | 12,160 | - | - | - |
| 11170-001 | Administrative Fee Equity - Beginning Balance | | | | 497,216 | | | | | | | | 497,216 | - | 497,216 |
| 11170-010 | Administrative Fee Revenue | | | | 666,073 | | | | | | | | 666,073 | - | 666,073 |
| 11170-020 | Hard to House Fee Revenue | | | | - | | | | | | | | - | - | - |
| 11170-030 | Audit Costs | | | | - | | | | | | | | - | - | - |
| 11170-040 | Investment Income | | | | 5,435 | | | | | | | | 5,435 | - | 5,435 |
| 11170-045 | Fraud Recovery Revenue | | | | 9,640 | | | | | | | | 9,640 | - | 9,640 |
| 11170-050 | Other Revenue | | | | 62,463 | | | | | | | | 62,463 | - | 62,463 |
| 11170-051 | Comment for Other Revenue | | | | - | | | | | | | | - | - | - |
| 11170-060 | Total Admin Fee Revenues | | | | 743,611 | | | | | | | | 743,611 | - | 743,611 |
| 11170-080 | Total Operating Expenses | | | | 492,206 | | | | | | | | 492,206 | - | 492,206 |
| 11170-090 | Depreciation | | | | 4,761 | | | | | | | | 4,761 | - | 4,761 |
| 11170-095 | HAP port in | | | | 13,187 | | | | | | | | 13,187 | - | 13,187 |
| 11170-100 | Other Expenses | | | | - | | | | | | | | - | - | - |
| 11170-101 | Comment for Other Expense | | | | - | | | | | | | | - | - | - |
| 11170-110 | Total Expenses | | | | 510,154 | | | | | | | | 510,154 | - | 510,154 |
| 11170-002 | Net Administrative Fee | | | | 233,457 | | | | | | | | 233,457 | - | 233,457 |
| 11170-003 | Administrative Fee Equity - Ending Balance | | | | 730,673 | | | | | | | | 730,673 | - | 730,673 |
| 11170 | Administrative Fee Equity | | | | 730,673 | | | | | | | | 730,673 | - | 730,673 |
| 11180-001 | Housing Assistance Payments Equity - Beginning Balance | | | | 63,852 | | | | | | | | 63,852 | - | 63,852 |
| 11180-010 | Housing Assistance Payments Revenue | | | | 4,152,625 | | | | | | | | 4,152,625 | - | 4,152,625 |
| 11180-015 | Fraud Recovery Revenue | | | | 9,640 | | | | | | | | 9,640 | - | 9,640 |
| 11180-020 | Other revenue | | | | - | | | | | | | | - | - | - |
| 11180-021 | Comment for other revenue | | | | - | | | | | | | | - | - | - |
| 11180-025 | Investment Income | | | | - | | | | | | | | - | - | - |
| 11180-030 | Total HAP revenues | | | | 4,162,265 | | | | | | | | 4,162,265 | - | 4,162,265 |
| 11180-080 | Housing Assistance Payments | | | | 4,085,105 | | | | | | | | 4,085,105 | - | 4,085,105 |
| 11180-090 | Other expense | | | | - | | | | | | | | - | - | - |
| 11180-091 | Comment for other expense | | | | - | | | | | | | | - | - | - |
| 11180-100 | Total Housing Assistance Payments Expense | | | | 4,085,105 | | | | | | | | 4,085,105 | - | 4,085,105 |
| 11180-002 | Net Housing Assistance Payments | | | | 77,160 | | | | | | | | 77,160 | - | 77,160 |
| 11180-003 | Housing Assistance Payment Equity - Ending Balance | | | | 141,012 | | | | | | | | 141,012 | - | 141,012 |
| 11180 | Housing Assistance Payments Equity | | | | 141,012 | | | | | | | | 141,012 | - | 141,012 |
| 11190 | Unit Months Available | 2,340 | - | - | 12,648 | - | 780 | 600 | - | - | - | 60 | 16,428 | - | 16,428 |
| 11210 | Unit Months Leased | 2,288 | - | - | 10,411 | - | 763 | 589 | - | - | - | 36 | 14,087 | - | 14,087 |
| 11270 | Excess Cash | 538,765 | | | | | | | | | | | 538,765 | - | 538,765 |
| 11610 | Land Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11620 | Building Purchases | - | 275,454 | - | - | - | - | - | - | - | - | - | 275,454 | - | 275,454 |
| 11630 | Furniture & Equipment - Dwelling Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11640 | Furniture & Equipment - Administrative Purchases | 31,421 | - | - | - | - | - | - | - | - | - | - | 31,421 | - | 31,421 |
| 11650 | Leasehold Improvements Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11660 | Infrastructure Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13510 | CFPP Debt Service Payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13901 | Replacement Housing Factor Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

HOUSING AUTHORITY OF THE COUNTY OF ERIE

COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2020

| | Low Rent / CFP | Section 8 Voucher | Cares Act Funding | Section 8 New Construction | South Hill | CDBG Programs | Weatherization Programs | Business Activities | Eliminations | Total |
|---|---------------------|----------------------|----------------------|-------------------------------|-------------------|------------------|----------------------------|------------------------|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | | | | | | | | | |
| Assets: | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash - unrestricted | \$ 750,428 | \$ 870,539 | \$ - | \$ 726,278 | \$ 221,560 | \$ 2,500 | \$ 130,782 | \$ 16,119 | \$ - | \$ 2,718,206 |
| Cash - restricted | - | 141,012 | 117,952 | - | - | - | - | - | - | 258,964 |
| Cash - tenant security deposits | 21,101 | - | - | 8,175 | 3,584 | - | - | 590 | - | 33,450 |
| Total cash | 771,529 | 1,011,551 | 117,952 | 734,453 | 225,144 | 2,500 | 130,782 | 16,709 | - | 3,010,620 |
| Accounts receivable - other government | - | - | - | - | - | 2,697 | 159,055 | - | - | 161,752 |
| Accounts receivable - miscellaneous | - | - | - | - | - | - | 26,281 | - | - | 26,281 |
| Accounts receivable - tenants | 1,930 | - | - | 2,912 | 2,574 | - | - | - | - | 7,416 |
| Inter-program - due from | - | - | - | 182,693 | - | - | 5,390 | - | (188,083) | - |
| Prepaid expenses and other assets | 5,589 | 898 | - | 1,295 | 1,629 | - | 2,004 | 169 | - | 11,584 |
| Inventories | - | - | - | - | - | - | 68,330 | - | - | 68,330 |
| Total current assets | 779,048 | 1,012,449 | 117,952 | 921,353 | 229,347 | 5,197 | 391,842 | 16,878 | (188,083) | 3,285,983 |
| Noncurrent assets: | | | | | | | | | | |
| Capital assets, net | 3,031,760 | 39,234 | - | 342,775 | 613,532 | - | 50,656 | 195,616 | - | 4,273,573 |
| Total Assets | 3,810,808 | 1,051,683 | 117,952 | 1,264,128 | 842,879 | 5,197 | 442,498 | 212,494 | (188,083) | 7,559,556 |
| Deferred Outflows of Resources: | | | | | | | | | | |
| Deferred outflows of resources for pension | 118,001 | 106,954 | - | 47,077 | 12,240 | - | 179,623 | - | - | 463,895 |
| Total Assets and Deferred Outflows of Resources | \$ 3,928,809 | \$ 1,158,637 | \$ 117,952 | \$ 1,311,205 | \$ 855,119 | \$ 5,197 | \$ 622,121 | \$ 212,494 | \$ (188,083) | \$ 8,023,451 |
| Liabilities, Deferred Inflows of Resources, and Net Position | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 45,336 | \$ 6,498 | \$ - | \$ 28,091 | \$ 4,137 | \$ 198 | \$ 24,449 | \$ 99 | \$ - | \$ 108,808 |
| Accrued wage and payroll taxes | - | - | - | 5,385 | - | - | - | - | - | 5,385 |
| Accrued compensated absences - current | 15,368 | 22,850 | - | 10,668 | 3,763 | - | 8,517 | - | - | 61,166 |
| Accounts payable - other government | 38,787 | 1,315 | - | 14,464 | 6 | 2,500 | - | - | - | 57,072 |
| Tenant security deposits | 21,101 | - | - | 8,175 | 3,584 | - | - | 590 | - | 33,450 |
| Inter-program - due to | 42,075 | 43,039 | - | - | 6,779 | 2,499 | 93,088 | 603 | (188,083) | - |
| Unearned revenue | - | - | 117,952 | - | - | - | - | - | - | 117,952 |
| Current portion of long-term debt | - | - | - | - | 28,408 | - | - | 15,450 | - | 43,858 |
| Total current liabilities | 162,667 | 73,702 | 117,952 | 66,783 | 46,677 | 5,197 | 126,054 | 16,742 | (188,083) | 427,691 |
| Noncurrent liabilities: | | | | | | | | | | |
| Accrued compensated absences - non-current | 19,023 | 28,283 | - | 13,205 | 4,658 | - | 10,543 | - | - | 75,712 |
| Long-term debt, net of current portion | - | - | - | - | 484,003 | - | - | - | - | 484,003 |
| Net pension liability | 196,893 | 178,460 | - | 78,552 | 20,424 | - | 299,712 | - | - | 774,041 |
| Total noncurrent liabilities | 215,916 | 206,743 | - | 91,757 | 509,085 | - | 310,255 | - | - | 1,333,756 |
| Total Liabilities | 378,583 | 280,445 | 117,952 | 158,540 | 555,762 | 5,197 | 436,309 | 16,742 | (188,083) | 1,761,447 |
| Deferred Inflows of Resources: | | | | | | | | | | |
| Deferred inflows of resources for pension | 7,179 | 6,507 | - | 2,864 | 745 | - | 10,928 | - | - | 28,223 |
| Net Position: | | | | | | | | | | |
| Net investment in capital assets | 3,031,760 | 39,234 | - | 342,775 | 101,121 | - | 50,656 | 195,616 | - | 3,761,162 |
| Restricted | - | 141,012 | - | - | - | - | - | - | - | 141,012 |
| Unrestricted | 511,287 | 691,439 | - | 807,026 | 197,491 | - | 124,228 | 136 | - | 2,331,607 |
| Total Net Position | 3,543,047 | 871,685 | - | 1,149,801 | 298,612 | - | 174,884 | 195,752 | - | 6,233,781 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 3,928,809 | \$ 1,158,637 | \$ 117,952 | \$ 1,311,205 | \$ 855,119 | \$ 5,197 | \$ 622,121 | \$ 212,494 | \$ (188,083) | \$ 8,023,451 |

HOUSING AUTHORITY OF THE COUNTY OF ERIE

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

YEAR ENDED DECEMBER 31, 2020

| | Low Rent / CFP | Section 8 Voucher | Cares Act Funding | Section 8 New Construction | South Hill | CDBG Programs | Weatherization Programs | Business Activities | Total |
|---|-------------------|----------------------|----------------------|-------------------------------|---------------|------------------|----------------------------|------------------------|--------------|
| Operating Revenues: | | | | | | | | | |
| Net tenant revenue | \$ 579,927 | \$ - | \$ - | \$ 237,854 | \$ 49,006 | \$ - | \$ - | \$ 35,287 | \$ 902,074 |
| HUD PHA operating grants | 444,508 | 4,818,698 | 227,063 | 271,390 | 254,216 | - | - | - | 6,015,875 |
| Other governmental grants | - | - | - | - | - | 538,761 | 516,598 | - | 1,055,359 |
| Other revenue | 5,539 | 33,595 | - | 145 | 1,613 | - | 296,420 | 30 | 337,342 |
| Total operating revenues | 1,029,974 | 4,852,293 | 227,063 | 509,389 | 304,835 | 538,761 | 813,018 | 35,317 | 8,310,650 |
| Operating Expenses: | | | | | | | | | |
| Housing assistance payments | - | 4,098,292 | - | - | - | - | - | - | 4,098,292 |
| Administrative | 201,940 | 472,700 | 57,497 | 194,918 | 53,848 | 25,689 | 262,838 | 6,482 | 1,275,912 |
| Tenant services | 946 | - | 127,946 | - | - | - | - | - | 128,892 |
| Utilities | 196,560 | - | - | 92,282 | 46,143 | - | - | 2,814 | 337,799 |
| Maintenance and operations | 402,318 | - | - | 96,988 | 56,452 | 513,072 | 457,243 | 3,935 | 1,530,008 |
| Insurance premiums | 67,327 | - | - | 15,415 | 19,391 | - | 7,613 | 2,007 | 111,753 |
| Other general expenses | 60,237 | 19,506 | - | 24,314 | 3,076 | - | 9,255 | - | 116,388 |
| Total operating expenses | 929,328 | 4,590,498 | 185,443 | 423,917 | 178,910 | 538,761 | 736,949 | 15,238 | 7,599,044 |
| Operating Income (Loss) | 100,646 | 261,795 | 41,620 | 85,472 | 125,925 | - | 76,069 | 20,079 | 711,606 |
| Non-Operating Revenues (Expenses): | | | | | | | | | |
| Gain (loss) on sale of capital assets | - | 4,153 | - | 400 | - | - | - | - | 4,553 |
| Investment income - unrestricted | 786 | 5,435 | - | 1,414 | 644 | - | - | 8 | 8,287 |
| Investment income - restricted | 28 | - | - | - | - | - | - | - | 28 |
| Interest expense | - | - | - | - | (16,111) | - | - | (727) | (16,838) |
| Depreciation expense | (356,535) | (4,761) | - | (35,698) | (17,367) | - | (2,894) | (9,176) | (426,431) |
| Total non-operating revenues (expenses) | (355,721) | 4,827 | - | (33,884) | (32,834) | - | (2,894) | (9,895) | (430,401) |
| Capital Contributions: | | | | | | | | | |
| HUD capital grants | 275,454 | - | - | - | - | - | - | - | 275,454 |
| Transfer Between Programs | (2,375) | 43,995 | (41,620) | (12,160) | - | - | - | 12,160 | - |
| Change in Net Position | 18,004 | 310,617 | - | 39,428 | 93,091 | - | 73,175 | 22,344 | 556,659 |
| Net position - beginning | 3,525,043 | 561,068 | - | 1,110,373 | 205,521 | - | 101,709 | 173,408 | 5,677,122 |
| Net position - ending | \$ 3,543,047 | \$ 871,685 | \$ - | \$ 1,149,801 | \$ 298,612 | \$ - | \$ 174,884 | \$ 195,752 | \$ 6,233,781 |

HOUSING AUTHORITY OF THE COUNTY OF ERIE

ACTUAL MODERNIZATION COST CERTIFICATE

2018 Capital Fund Program Grant

PA28P087501-18

| | | |
|--|----|---------|
| Funds Approved | \$ | 365,026 |
| Funds Disbursed | \$ | 365,026 |
| Funds Expended (Actual Modernization Cost) | \$ | 365,026 |
| 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, 2020

| <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 | \$ 379,508 | \$ - |
| COVID-19 Public and Indian Housing | 14.850 | N/A | 58,409 | - |
| Total Public and Indian Housing | | | <u>437,917</u> | <u>-</u> |
| Public Housing Capital Fund (CFP) | 14.872 | N/A | 340,454 | - |
| Housing Voucher Cluster: | | | | |
| Section 8 Housing Choice Vouchers | 14.871 | N/A | 4,590,498 | 14,090 |
| COVID-19 Housing Choice Vouchers | 14.871 | N/A | 168,654 | - |
| Total Housing Voucher Cluster | | | <u>4,759,152</u> | <u>14,090</u> |
| Section 8 Project-Based Cluster: | | | | |
| Section 8 New Construction and Substantial Rehabilitation | 14.182 | N/A | 271,390 | - |
| Section 8 Housing Assistance Payments Program | 14.195 | N/A | 254,216 | - |
| Total Section 8 Project-Based Cluster | | | <u>525,606</u> | <u>-</u> |
| Passed through the Commonwealth of Pennsylvania: | | | | |
| Community Development Block Grants | 14.228 | C000067006 | 1,733 | - |
| Community Development Block Grants | 14.228 | C000070357 | 287,479 | - |
| Community Development Block Grants | 14.228 | C000073161 | 249,549 | - |
| Total Community Development Block Grants | | | <u>538,761</u> | <u>-</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>6,601,890</u> | <u>14,090</u> |
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| Passed through the Commonwealth of Pennsylvania: | | | | |
| Low-Income Home Energy Assistance | 93.568 | C000061672 | 106,195 | - |
| Low-Income Home Energy Assistance | 93.568 | C000073871 | 78,860 | - |
| COVID-19 Low-Income Home Energy Assistance | 93.568 | C000061672 | 47,520 | - |
| Total Low-Income Home Energy Assistance | | | <u>232,575</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 | 284,023 | - |
| Total Expenditures of Federal Awards | | | <u>\$ 7,118,488</u> | <u>\$ 14,090</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, 2020

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, 2020. 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, 2020

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

| | <u>CDBG 2017</u> <u>C000067006</u> | <u>CDBG 2018</u> <u>C000070357</u> | <u>CDBG 2019</u> <u>C000073161</u> | <u>LIHEAP (COVID)</u> <u>C000061672</u> |
|-------------------|---------------------------------------|---------------------------------------|--|--|
| Due from DCED at | | | | |
| December 31, 2019 | \$ 5,699 | \$ 3,037 | \$ - | \$ - |
| Receipts | 7,432 | 287,819 | 249,549 | 47,520 |
| Disbursements | <u>1,733</u> | <u>287,479</u> | <u>249,549</u> | <u>47,520</u> |
| Due from DCED at | | | | |
| December 31, 2020 | <u>\$ -</u> | <u>\$ 2,697</u> | <u>\$ -</u> | <u>\$ -</u> |
| | <u>LIHEAP</u> <u>C000061672</u> | <u>LIHEAP</u> <u>C000073871</u> | <u>Weatherization</u> <u>C000066297</u> | |
| Due from DCED at | | | | |
| December 31, 2019 | \$ 67,986 | \$ - | \$ 32,385 | |
| Receipts | 171,589 | - | 241,305 | |
| Disbursements | <u>106,195</u> | <u>78,860</u> | <u>284,023</u> | |
| Due from DCED at | | | | |
| December 31, 2020 | <u>\$ 2,592</u> | <u>\$ 78,860</u> | <u>\$ 75,103</u> | |

**Housing Authority of the
County of Erie**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2020

**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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 21, 2021.

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 the 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 may exist that have not been 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

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
July 21, 2021

Independent Auditor's Report on Compliance for the 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 the Major Federal Program

We have audited the Housing Authority of the County of Erie's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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

Opinion on the Major Federal Program

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 its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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.

Mahe Duessel

Pittsburgh, Pennsylvania
July 21, 2021

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

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

Name of Federal Program or Cluster

Housing Voucher Cluster / Section 8 Housing Choice Vouchers

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

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

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

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2020

NO FINDINGS IN PRIOR YEAR