

Housing Authority of the County of Erie

Single Audit

December 31, 2017

MaherDuessel

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HOUSING AUTHORITY OF THE COUNTY OF ERIE

YEAR ENDED DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 22 through 24 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, and 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 May 21, 2018 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 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.

Maier Duessel

Pittsburgh, Pennsylvania
May 21, 2018

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
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, 2017 with selected comparative information for the fiscal year ended December 31, 2016. 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 2017 by \$5,154,077 (net position). Of this amount, \$1,422,740 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. Fixed assets increased by \$669,181 primarily from the purchase of a 50-unit, multi-family property located in Corry, PA.
3. Net position increased by \$141,918 for the fiscal year ended December 31, 2017 due mainly to an increase in operating revenues.
4. Operating revenues increased \$811,521 due to both the increased government funding across all programs and the addition of rental properties.

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.

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, 2017 and 2016:

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
Required Supplemental Information

	2017	2016
Operating revenues	\$7,546,090	\$6,734,569
Operating expenses	7,187,776	6,725,802
Operating Income	358,314	8,767
Non-Operating Revenue & Expenses, net	(370,682)	(397,750)
Capital Contributions	154,286	188,415
Change in net position	(141,918)	(200,568)
Total Net Position – Beginning of year	5,012,159	5,212,727
Prior period adjustments/transfers	-	-
Total Net Position – End of year	\$ 5,154,077	\$ 5,012,159

Operating revenues increased by \$811,521 due to both the increased government funding across all programs and the addition of rental properties. Operating expenses increased by \$461,964 primarily due to the administration and maintenance of the new rental properties.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended December 31, 2017 and 2016:

	2017	2016
Owned by Authority	195	195
Units under vouchers	1,054	1,054
Other vouchers	118	65
Total Housing Units Managed	1,367	1,314

The Section 8 Voucher lease-up rate averaged 81 percent during the fiscal year ended December 31, 2017. It is anticipated that the program lease-up will stay the same during fiscal year 2018.

NET POSITION

Total net position increased from the previous year by \$141,918. 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, 2017 and 2016:

	2017	2016
Capital Assets	\$15,826,243	\$15,301,991
Less capital related debt	(694,778)	-
Less accumulated depreciation	(11,430,008)	(11,574,937)
Total Net Investment in Capital Assets	\$ 3,701,457	\$ 3,727,054

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
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, 2017 and 2016:

	2017	2016
Land	\$ 431,477	\$ 359,361
Building and Improvements	14,115,470	13,165,195
Furniture and equipment - dwellings	737,789	737,789
Furniture and equipment - administration	541,507	1,039,646
Total	\$ 15,585,997	\$ 15,301,991
Less: accumulated depreciation	(11,430,008)	(11,574,937)
Fixed assets, net	\$ 4,396,235	\$ 3,727,054

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, 2017 and 2016:

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
Required Supplemental Information

	2017	2016
Assets		
Current assets	\$ 2,225,430	\$ 2,341,984
Fixed assets	4,396,235	3,727,054
Total assets	\$ 6,621,665	\$ 6,069,038
Deferred Outflows - Pension	\$ 391,906	\$ 342,043
Liabilities		
Current liabilities	\$ 312,117	\$ 273,687
Long-term liabilities	1,529,937	806,693
Total liabilities	\$ 1,842,054	\$ 1,080,380
Deferred Inflows - Voucher Program	\$ 17,440	\$ 318,542
Net position		
Net investment in capital assets	\$ 3,701,457	\$ 3,727,054
Restricted	29,880	19,158
Unrestricted	1,422,740	1,265,947
Total net position	\$ 5,154,077	\$ 5,012,159

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
Required Supplemental Information

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

SPECIAL NOTES

On September 19, 2017, the Housing Authority received three rental properties and one vacant lot from Stairways Behavioral Health. properties were originally rehabbed through the Neighborhood Stabilization Program (NSP) administered by the Authority. These units are housed through the Section 8 Voucher Program, which is considered a business activity on the financial statements.

The Authority purchased a 50-unit, multi-family property previously owned by a non-profit entity known as the Housing Corporation of Corry. The property had a housing assistance payment contract, which was transferred and now administered by the Authority. As part of this purchase, the Authority acquired \$777,959 of assets and assumed liabilities of \$777,959.

On February 9, 2017, a fire caused significant damages to the Barnett Building located in Albion, PA. The repair costs totaled \$2,763,285.59, the temporary housing for tenants totaled \$93,778.95, and the loss of rent totaled \$101,277. Besides a \$1,000 deductible, all of these expenses/losses were recouped through insurance proceeds.

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, 2017.

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 \$24,250 at December 31, 2017.

With the purchase of the 50-unit, multi-family property, the Authority acquired a new mortgage in the amount of \$700,000. The outstanding balance on that mortgage was \$694,778 at December 31, 2017.

ECONOMIC FACTORS

According to the most current information available from U.S. Department of Housing and Urban Development, we are expected see an increase to the Public Housing operating subsidy and capital fund amounts. Section 8 administrative fees are expected to remain the same in 2018. 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, 2017

Assets and Deferred Outflows of Resources	
Assets:	
Current assets:	
Cash - unrestricted	\$ 1,973,106
Cash - restricted	29,880
Cash - tenant security deposits	33,213
Total cash	2,036,199
Accounts receivable - other governments	69,961
Accounts receivable - miscellaneous	39,405
Accounts receivable - tenants	26,754
Prepaid expenses and other assets	2,390
Inventories	50,721
Total current assets	2,225,430
Noncurrent assets:	
Capital assets, non-depreciable	431,477
Capital assets, depreciable net of accumulated depreciation	3,964,758
Total noncurrent assets	4,396,235
Total Assets	6,621,665
Deferred Outflows of Resources:	
Deferred outflows of resources for pension	391,906
Total Assets and Deferred Outflows of Resources	\$ 7,013,571

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF NET POSITION

DECEMBER 31, 2017

(Continued)

Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 106,427
Accrued wages and payroll taxes	4,729
Accrued compensated absences - current	64,163
Accounts payable - other government	53,361
Tenant security deposits	33,213
Current portion of long-term debt	50,224
	<hr/>
Total current liabilities	312,117
	<hr/>
Noncurrent liabilities:	
Accrued compensated absences - non-current	75,704
Long-term debt, net of current portion	668,804
Net pension liability	785,429
	<hr/>
Total noncurrent liabilities	1,529,937
	<hr/>
Total Liabilities	1,842,054
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Deferred Inflows of Resources:	
Deferred inflows of resources for pension	17,440
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Net Position:	
Net investment in capital assets	3,701,457
Restricted	29,880
Unrestricted	1,422,740
	<hr/>
Total Net Position	5,154,077
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Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 7,013,571
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(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, 2017

Operating Revenues:

Net tenant revenue	\$ 759,117
HUD PHA operating grants	5,014,069
Other governmental grants	1,000,764
Other revenue	<u>772,140</u>
Total operating revenues	<u>7,546,090</u>

Operating Expenses:

Housing assistance payments	3,819,505
Administrative	1,363,984
Tenant services	96
Utilities	299,412
Maintenance and operations	1,520,028
Protective services	783
Insurance premiums	59,889
Other general expenses	<u>124,079</u>
Total operating expenses	<u>7,187,776</u>

Operating Income (Loss)

358,314

Non-Operating Revenues (Expenses):

Gain (loss) on sale of capital assets	16,429
Investment income - unrestricted	2,314
Investment income - restricted	32
Interest expense	(2,111)
Depreciation expense	<u>(387,346)</u>
Total non-operating revenues (expenses)	<u>(370,682)</u>

Capital Contributions:

HUD capital grants	<u>154,286</u>
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Change in Net Position

141,918

Net position - beginning	<u>5,012,159</u>
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Net position - ending	<u><u>\$ 5,154,077</u></u>
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See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

Cash Flows From Operating Activities:

Operating grants received	\$ 5,709,553
Receipts from tenants	762,297
Other receipts	611,197
Payments to vendors for goods and services	(1,887,747)
Payments to employees and professionals	(1,573,027)
Housing assistance payments	(3,819,505)
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Net cash provided by (used in) operating activities	(197,232)

Cash Flows From Capital and Related Financing Activities:

HUD capital grants	154,286
Proceeds from issuance of long-term debt	724,250
Proceeds from sale of capital assets	26,254
Interest paid on long-term debt	(2,111)
Principal paid on long-term debt	(5,222)
Cash balance of acquired property	106,503
Purchase of multi-family property	(700,000)
Purchases of capital assets	(215,147)
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Net cash provided by (used in) capital and related financing activities	88,813

Cash Flows From Investing Activities:

Interest income	2,346
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Net Increase (Decrease) in Cash	(106,073)
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Cash:

Beginning of year	2,142,272
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End of year	\$ 2,036,199
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(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

(Continued)

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

Operating income (loss)	\$ 358,314
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Non-cash capital contributions	(194,100)
Change in assets and liabilities:	
Accounts receivable	26,943
Prepaid expenses and other assets	622
Inventories	(2,732)
Deferred outflows of resources for pension	(49,863)
Accounts payable	(48,925)
Accrued payroll and related taxes	1,786
Accrued compensated absences	2,015
Tenant security deposits	3,375
Unearned revenue	(46,963)
Net pension liability	53,398
Deferred inflows of resources for pension	(301,102)
Total adjustments	(555,546)
Net cash provided by (used in) operating activities	\$ (197,232)

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2017

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

South Hill: Effective December 1, 2017, the Authority purchased a 50-unit, multi-family property from a local non-profit organization. The Authority administers a housing assistance payment contract at this property. As part of this purchase, the Authority acquired \$777,959 of assets and assumed liabilities of \$777,959.

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, 2017

Budgets

The Authority's activities are governed by budgets established with its grantor agencies, chiefly HUD. The Authority as a whole is not required to adopt a legally authorized budget on an annual basis and is therefore not required to present budget to actual financial information as part of its basic financial statements.

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.

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, 2017

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.

Use of Estimates

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

Classifications of Net Position

The following are the three categories of net position:

- Net investment in capital assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2017 consisted of Section 8 Housing Choice Voucher funds that must be used for activities related to the provision of tenant-based rental assistance.
- Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Restricted and Unrestricted Resources

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

Deferred Outflows/Inflows of Resources

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

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Adopted Pronouncement

Governmental Accounting Standards Board (GASB) Statement No. 82, "*Pension Issues – An Amendment of GASB Statements No 67, No. 68, and No. 73*)," addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. The provisions of this statement have been adopted and incorporated into these financial statements.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 75 (OPEB Employer), 82 (Pensions), 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), 85 (Omnibus 2017), 86 (Certain Debt Extinguishment Issues), 87 (Leases), and 88 (Certain Debt Disclosures). Management has not yet determined the impact of these statements on the financial statements.

2. Cash

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

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

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

As of December 31, 2017, \$1,540,199 of the Authority's \$2,115,250 bank balance was insured by the Federal Deposit Insurance Corporation. 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 \$2,036,199 as of December 31, 2017.

Restricted Cash

Cash was restricted at December 31, 2017 for the following purposes:

Section 8 Housing Choice Vouchers Program	\$ 29,880
Tenant security deposits	<u>33,213</u>
Total	<u><u>\$ 63,093</u></u>

3. Capital Assets

A summary of changes in capital assets during 2017 is as follows:

	December 31, 2016	Increases	Decreases	December 31, 2017
Capital assets, not being depreciated:				
Land	<u>\$ 359,361</u>	<u>\$ 72,116</u>	<u>\$ -</u>	<u>\$ 431,477</u>
Capital assets being depreciated:				
Buildings	13,165,195	950,275	-	14,115,470
Furniture, equipment, and machinery - dwellings	737,789	-	-	737,789
Furniture, equipment, and machinery - administration	<u>1,039,646</u>	<u>43,961</u>	<u>(542,100)</u>	<u>541,507</u>
Total capital assets, being depreciated	<u>14,942,630</u>	<u>994,236</u>	<u>(542,100)</u>	<u>15,394,766</u>
Less accumulated depreciation	(11,574,937)	(387,346)	532,275	(11,430,008)
Total capital assets being depreciated, net	<u>3,367,693</u>	<u>606,890</u>	<u>(9,825)</u>	<u>3,964,758</u>
Total capital assets	<u><u>\$ 3,727,054</u></u>	<u><u>\$ 679,006</u></u>	<u><u>\$ (9,825)</u></u>	<u><u>\$ 4,396,235</u></u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, PA. 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.

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 25,974	\$ 20,582	\$ 46,556
2019	26,762	19,794	46,556
2020	27,519	19,037	46,556
2021	28,408	18,148	46,556
2022	29,269	17,287	46,556
2023-2027	152,295	95,473	247,768
2028-2032	184,988	62,780	247,768
2033-2037	219,563	22,981	242,544
Total long-term debt	<u>\$ 694,778</u>	<u>\$ 276,082</u>	<u>\$ 970,860</u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The schedule of changes in long-term liability activity for the year ended December 31, 2017 is presented below:

	Balance at December 31, 2016	Additions	Deletions	Balance at December 31, 2017	Due Within One Year
Mortgage payable	\$ -	\$ 700,000	\$ (5,222)	\$ 694,778	\$ 25,974
Compensated absences	137,852	64,163	(62,148)	139,867	64,163
	<u>\$ 137,852</u>	<u>\$ 764,163</u>	<u>\$ (67,370)</u>	<u>\$ 834,645</u>	<u>\$ 90,137</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, 2017, the rate on the line was 3.23% 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, 2017, the rate on the line was 5.00% and there a \$24,250 outstanding balance. The Authority intends to repay the outstanding balance in 2018; as such, the entire balance is classified as a current liability.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

6. Deferred Compensation Plan

Employees of the Authority may participate in a deferred compensation plan (plan) adopted under the provisions of Internal Revenue Code Section 457.

The plan is 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 plan, 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 plan is voluntary, and the Authority does not contribute to the plan. During 2017, employees of the Authority contributed \$32,650 to the plan.

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 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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2016, employee membership data related to the Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>27</u>
Total plan members	<u><u>46</u></u>

Contribution and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. For the year ended December 31, 2017, the Authority contributed the funds necessary to meet the MMO for the Plan in the amount of \$105,814.

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Changes in the Net Pension Liability

The changes in the Authority's net pension liability based on a measurement date of December 31, 2016 are as follows:

	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2015	\$ 4,298,775	\$ 3,566,744	\$ 732,031
Changes for the year:			
Service cost	62,399	-	62,399
Interest	233,551	-	233,551
Changes in assumptions	114,831	-	114,831
Differences between expected and actual experience	84,580	-	84,580
Contributions - employer	-	86,773	(86,773)
Contributions - employee	-	30,847	(30,847)
Net investment income	-	335,425	(335,425)
Benefit payments	(232,682)	(232,682)	-
Administrative expense	-	(11,082)	11,082
Balances at December 31, 2016	<u>\$ 4,561,454</u>	<u>\$ 3,776,025</u>	<u>\$ 785,429</u>
Plan fiduciary net position as a percentage of the total net pension liability			<u>82.78%</u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2017, with liabilities measured at December 31, 2016, 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

Changes in Actuarial Assumptions – Effective with the December 31, 2016 measurement date, the investment return assumption for municipal assets decreased from 5.50% to 5.25%.

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.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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.
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, 2016:

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic equity (large capitalized firms)	25%	9.4%	6.4%
Domestic equity (small capitalized firms)	15%	10.0%	7.0%
International equity (developed markets)	15%	6.7%	3.7%
International equity (emerging markets)	10%	10.9%	7.9%
Real estate	20%	10.0%	7.0%
Fixed income	15%	5.4%	2.4%
	100%	8.8%	5.8%

Based on the four-part analysis, the PMRS Board established the System's long-term expected rate of return at 5.25%.

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

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YEAR ENDED DECEMBER 31, 2017

member contributions will be made at the current contribution rate and that the Authority's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Plan calculated using the discount rates described above, as well as what the Plan's net pension liabilities 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>
1,297,939	785,429	353,795

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

For the year ended December 31, 2017, the Authority recognized pension expense of \$126,889. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 165,136	\$ -
Pension contributions subsequent to measurement date	105,814	-
Change in assumptions	120,956	-
Net difference between projected and actual earnings on pension plan investments	-	17,440
Total	<u>\$ 391,906</u>	<u>\$ 17,440</u>

\$105,814 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, 2018. 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, 2017

<u>Year Ending December 31,</u>	
2017	\$ 58,528
2018	58,528
2019	76,881
2020	36,432
2021	<u>38,283</u>
	<u>\$ 268,652</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 2018, but any such reductions are not currently expected to have an immediate material adverse impact to the Authority.

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31*

	2017	2016	2015
Total Pension Liability:			
Service cost	\$ 62,399	\$ 73,215	\$ 85,986
Interest	233,551	228,966	226,445
Changes of benefit terms	-	-	-
Differences between expected and actual experience	84,580	-	165,642
Changes of assumptions	114,831	35,370	-
Transfers	-	-	(372,337)
Benefit payments, including refunds of employee contributions	(232,682)	(253,779)	(208,430)
Net Changes in Total Pension Liability	262,679	83,772	(102,694)
Total Pension Liability - Beginning	4,298,775	4,215,003	4,317,697
Total Pension Liability - Ending (a)	<u>\$ 4,561,454</u>	<u>\$ 4,298,775</u>	<u>\$ 4,215,003</u>
Plan Fiduciary Net Position:			
Employer contributions	\$ 86,773	\$ 87,358	\$ 74,527
Employee contributions	30,847	31,810	30,750
Net investment income	335,425	82	285,316
Transfers	-	-	(372,337)
Benefit payments, including refunds of employee contributions	(232,682)	(253,779)	(208,430)
Administrative expense	(11,082)	(9,335)	(8,422)
Net Change in Plan Fiduciary Net Position	209,281	(143,864)	(198,596)
Plan Fiduciary Net Position - Beginning	3,566,744	3,710,608	3,909,204
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,776,025</u>	<u>\$ 3,566,744</u>	<u>\$ 3,710,608</u>
Net Pension Liability - Ending (a-b)	<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>82.78%</u>	<u>82.97%</u>	<u>88.03%</u>
Covered Payroll	<u>\$ 1,028,776</u>	<u>\$ 1,060,338</u>	<u>\$ 1,222,304</u>
Net Pension Liability as a Percentage of Covered Payroll	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.

See accompanying notes to required supplementary information.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS

DEFINED BENEFIT PENSION PLAN

YEAR ENDED DECEMBER 31¹

<u>Schedule of Contributions</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 105,814	\$ 86,673	\$ 87,338
Contributions in relation to the actuarially determined contribution	<u>105,814</u>	<u>86,773</u>	<u>87,358</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (100)</u>	<u>\$ (20)</u>
Covered payroll	<u>\$ 986,250</u>	<u>\$ 1,028,776</u>	<u>\$ 1,060,338</u>
Contributions as a percentage of covered employee payroll	10.73%	8.43%	8.24%

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, 2017

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	01/01/2013
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.

SUPPLEMENTARY INFORMATION

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

2017	Description	Low Rent/CFP 14.850/14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
111	Cash - unrestricted	620,309	602,884	528,656	52,679	1	76,097	-	92,480	1,973,106	-	1,973,106
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	29,880	-	-	-	-	-	-	29,880	-	29,880
114	Cash - tenant security deposits	21,974	-	7,570	3,315	-	-	-	354	33,213	-	33,213
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	642,283	632,764	536,226	55,994	1	76,097	-	92,834	2,036,199	-	2,036,199
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-	-	-	-
124	Account receivable - other government	-	-	-	-	4,748	33,137	32,076	-	69,961	-	69,961
125	Account receivable - miscellaneous	-	-	-	-	-	39,405	-	-	39,405	-	39,405
126	Accounts receivable - tenants	14,206	-	2,948	9,600	-	-	-	-	26,754	-	26,754
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	14,206	-	2,948	9,600	4,748	72,542	32,076	-	136,120	-	136,120
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-	406	1,984	-	2,390	-	2,390
143	Inventories	-	-	-	-	-	50,721	-	-	50,721	-	50,721
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	198,886	-	-	202	24,777	114,296	338,161	(338,161)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	656,489	632,764	738,060	65,594	4,749	199,968	58,837	207,130	2,563,591	(338,161)	2,225,430
161	Land	359,361	-	-	26,016	-	-	-	46,100	431,477	-	431,477
162	Buildings	11,141,516	-	2,135,890	631,089	-	58,975	-	148,000	14,115,470	-	14,115,470
163	Furniture, equipment and machinery - dwellings	634,032	-	103,757	-	-	-	-	-	737,789	-	737,789
164	Furniture, equipment and machinery - administration	137,621	47,538	153,037	-	-	120,000	83,311	-	541,507	-	541,507
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(9,041,749)	(30,371)	(2,154,063)	(1,012)	-	(119,209)	(82,679)	(925)	(11,430,008)	-	(11,430,008)
167	Construction in progress	-	-	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	3,230,781	17,167	238,621	656,093	-	59,766	632	193,175	4,396,235	-	4,396,235
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	3,230,781	17,167	238,621	656,093	-	59,766	632	193,175	4,396,235	-	4,396,235
190	Total Assets	3,887,270	649,931	976,681	721,687	4,749	259,734	59,469	400,305	6,959,826	(338,161)	6,621,665
200	Deferred Outflow of Resources	77,521	112,656	48,930	2,931	-	84,217	65,651	-	391,906	-	391,906
290	Total Assets and Deferred Outflow of Resources	3,964,791	762,587	1,025,611	724,618	4,749	343,951	125,120	400,305	7,351,732	(338,161)	7,013,571

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

2017	Description	Low Rent/CFP 14.850/14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-	-
312	Accounts payable <= 90 days	24,620	1,675	14,183	9,573	1,853	31,578	19,424	3,521	106,427	-	106,427
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	4,729	4,729	-	4,729
322	Accrued compensated absences - current portion	12,855	29,650	8,803	3,713	-	3,657	5,485	-	64,163	-	64,163
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	37,473	4,416	10,367	-	-	1,105	-	-	53,361	-	53,361
341	Tenant security deposits	21,974	-	7,570	3,315	-	-	-	354	33,213	-	33,213
342	Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	-	-	-	-	-	-	-
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	30,214	43,645	-	4,137	2,896	54,921	3,462	198,886	338,161	(338,161)	-
348	Loan liability - current	-	-	-	25,974	-	-	-	24,250	50,224	-	50,224
310	Total Current Liabilities	127,136	79,386	40,923	46,712	4,749	91,261	28,371	231,740	650,278	(338,161)	312,117
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	15,167	34,983	10,387	4,381	-	4,314	6,472	-	75,704	-	75,704
355	Loan liability - non-current	-	-	-	668,804	-	-	-	-	668,804	-	668,804
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	155,362	225,778	98,062	5,874	-	168,781	131,572	-	785,429	-	785,429
350	Total Non-Current Liabilities	170,529	260,761	108,449	679,059	-	173,095	138,044	-	1,529,937	-	1,529,937
300	Total Liabilities	297,665	340,147	149,372	725,771	4,749	264,356	166,415	231,740	2,180,215	(338,161)	1,842,054
400	Deferred Inflow of Resources	3,450	5,013	2,177	130	-	3,748	2,922	-	17,440	-	17,440
508.1	Net Investment in Capital Assets	3,230,781	17,167	238,621	(38,685)	-	59,766	632	193,175	3,701,457	-	3,701,457
511.1	Restricted Net Position	-	29,880	-	-	-	-	-	-	29,880	-	29,880
512.1	Unrestricted Net Position	432,895	370,380	635,441	37,402	-	16,081	(44,849)	(24,610)	1,422,740	-	1,422,740
513	Total Equity - Net Position	3,663,676	417,427	874,062	(1,283)	-	75,847	(44,217)	168,565	5,154,077	-	5,154,077
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	3,964,791	762,587	1,025,611	724,618	4,749	343,951	125,120	400,305	7,351,732	(338,161)	7,013,571

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

2017	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
70300	Net tenant rental revenue	570,081	-	-	153,214	1,994	-	-	-	5,330	730,619	-	730,619
70400	Tenant revenue - other	5,562	-	-	22,094	842	-	-	-	-	28,498	-	28,498
70500	Total Tenant Revenue	575,643	-	-	175,308	2,836	-	-	-	5,330	759,117	-	759,117
70600-010	Housing assistance payments			3,806,693							-		-
70600-020	Ongoing administrative fees earned			585,161							-		-
70600-030	Hard to house fee revenue			-							-		-
70600-060	All other fees			-							-		-
70600	HUD PHA operating grants	329,108	67,000	4,391,854	204,357	21,750	-	-	-	-	5,014,069	-	5,014,069
70610	Capital grants	-	154,286	-	-	-	-	-	-	-	154,286	-	154,286
70800	Other government grants	-	-	-	-		506,780	260,573	233,411	-	1,000,764	-	1,000,764
71100	Investment income - unrestricted	104	-	2,099	105	1	-	-	5	-	2,314	-	2,314
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	15,282	-	-	-	-	-	-	15,282	-	15,282
71500	Other revenue	9,610	-	17,581	101,727	172	-	433,668	-	194,100	756,858	-	756,858
71600	Gain or loss on sale of capital assets	5,586	-	-	11,171	-	-	(328)	-	-	16,429	-	16,429
72000	Investment income - restricted	32	-	-	-	-	-	-	-	-	32	-	32
70000	Total Revenue	920,083	221,286	4,426,816	492,668	24,759	506,780	693,913	233,416	199,430	7,719,151	-	7,719,151
91100	Administrative salaries	45,031	36,850	300,171	119,994	8,704	19,406	194,548	49,669	-	774,373	-	774,373
91200	Auditing fees	4,393	-	16,426	1,910	-	643	2,669	725	-	26,766	-	26,766
91300	Management fee	-	-	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	23,332	30,150	151,745	51,924	342	-	-	-	-	257,493	-	257,493
91600	Office expenses	-	-	-	-	-	-	-	-	-	-	-	-
91700	Legal expense	3,250	-	4,695	1,939	-	-	-	-	907	10,791	-	10,791
91800	Travel	18,902	-	1,833	2,666	-	-	-	-	-	23,401	-	23,401
91810	Allocated Overhead	32,399	-	46,802	19,332	362	-	-	-	-	98,895	-	98,895
91900	Other	18,819	-	23,667	10,577	645	2,016	91,402	24,164	975	172,265	-	172,265
91000	Total Operating-Administrative	146,126	67,000	545,339	208,342	10,053	22,065	288,619	74,558	1,882	1,363,984	-	1,363,984
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	96	-	-	-	-	-	-	-	-	96	-	96
92500	Total Tenant Services	96	-	-	-	-	-	-	-	-	96	-	96
93100	Water	55,590	-	-	15,134	1,596	-	-	-	74	72,394	-	72,394
93200	Electricity	74,373	-	-	55,689	1,072	-	-	-	352	131,486	-	131,486
93300	Gas	17,752	-	-	-	-	-	-	-	435	18,187	-	18,187
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	50,324	-	-	25,643	1,200	-	-	-	178	77,345	-	77,345
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	198,039	-	-	96,466	3,868	-	-	-	1,039	299,412	-	299,412
94100	Ordinary maintenance and operations - labor	134,535	-	-	24,842	2,876	-	156,493	99,038	-	417,784	-	417,784
94200	Ordinary maintenance and operations - materials and other	44,263	-	-	34,444	1,060	-	228,397	105,372	11,857	425,393	-	425,393
94300	Ordinary Maintenance and Operations Contracts	86,358	-	-	47,361	750	464,397	-	-	14,748	613,614	-	613,614
94500	Employee benefit contribution - ordinary maintenance	51,564	-	-	10,756	917	-	-	-	-	63,237	-	63,237
94000	Total Maintenance and Operations	316,720	-	-	117,403	5,603	464,397	384,890	204,410	26,605	1,520,028	-	1,520,028

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

2017	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	656	-	-	-	127	-	-	-	-	783	-	783
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	656	-	-	-	127	-	-	-	-	783	-	783
96110	Property insurance	39,762	-	-	7,917	996	-	-	-	301	48,976	-	48,976
96120	Liability insurance	2,571	-	-	368	119	-	5,530	2,325	-	10,913	-	10,913
96130	Workmen's compensation	-	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	-	-	-	-	-	-	-	-
96100	Total Insurance Premiums	42,333	-	-	8,285	1,115	-	5,530	2,325	301	59,889	-	59,889
96200	Other general expenses	1,399	-	-	-	-	-	-	-	-	1,399	-	1,399
96210	Compensated absences	14,503	-	28,028	9,219	2,486	-	5,296	7,944	-	67,476	-	67,476
96300	Payments in lieu of taxes	37,473	-	-	10,367	-	-	-	-	-	47,840	-	47,840
96400	Bad debt - tenant rents	7,350	-	-	14	-	-	-	-	-	7,364	-	7,364
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	60,725	-	28,028	19,600	2,486	-	5,296	7,944	-	124,079	-	124,079
96710	Interest of mortgage (or bonds) payable	-	-	-	-	1,778	-	-	-	-	1,778	-	1,778
96720	Interest on notes payable (short and long term)	-	-	-	220	-	-	-	-	113	333	-	333
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-
96700	Total Interest expense and amortization cost	-	-	-	220	1,778	-	-	-	113	2,111	-	2,111
96900	Total Operating Expenses	764,695	67,000	573,367	450,316	25,030	486,462	684,335	289,237	29,940	3,370,382	-	3,370,382
97000	Excess Revenue Over Operating Expenses	155,388	154,286	3,853,449	42,352	(271)	20,318	9,578	(55,821)	169,490	4,348,769	-	4,348,769
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	-	-	32,705	-	-	-	-	-	-	-	-	-
97300-045	FSS Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	-	-	3,770,907	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	3,803,612	-	-	-	-	-	-	3,803,612	-	3,803,612
97350	HAP Portability-In	-	-	15,893	-	-	-	-	-	-	15,893	-	15,893
97400	Depreciation expense	203,312	118,236	6,791	52,314	1,012	-	3,494	1,262	925	387,346	-	387,346
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	968,007	185,236	4,399,663	502,630	26,042	486,462	687,829	290,499	30,865	7,577,233	-	7,577,233
10010	Operating transfer in	-	-	-	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(47,924)	36,050	27,153	(9,962)	(1,283)	20,318	6,084	(57,083)	168,565	141,918	-	141,918

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

2017	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
11020	Required Annual Debt Principal Payments	-	-	-	-	25,974	-	-	-	-	25,974	-	25,974
11030	Beginning equity	3,675,550	-	390,274	884,024	-	(20,318)	69,763	12,866	-	5,012,159	-	5,012,159
11170-001	Administrative Fee Equity - Beginning Balance			371,116							371,116	-	371,116
11170-010	Administrative Fee Revenue			585,161							585,161	-	585,161
11170-020	Hard to House Fee Revenue			-							-	-	-
11170-030	Audit Costs			-							-	-	-
11170-040	Investment Income			2,099							2,099	-	2,099
11170-045	Fraud Recovery Revenue			7,641							7,641	-	7,641
11170-050	Other Revenue			17,581							17,581	-	17,581
11170-051	Comment for Other Revenue			-							-	-	-
11170-060	Total Admin Fee Revenues			612,482							612,482	-	612,482
11170-080	Total Operating Expenses			573,367							573,367	-	573,367
11170-090	Depreciation			6,791							6,791	-	6,791
11170-095	HAP port in			15,893							15,893	-	15,893
11170-100	Other Expenses			-							-	-	-
11170-101	Comment for Other Expense			-							-	-	-
11170-110	Total Expenses			596,051							596,051	-	596,051
11170-002	Net Administrative Fee			16,431							16,431	-	16,431
11170-003	Administrative Fee Equity - Ending Balance			387,547							387,547	-	387,547
11170	Administrative Fee Equity			387,547							387,547	-	387,547
11180-001	Housing Assistance Payments Equity - Beginning Balance			19,158							19,158	-	19,158
11180-010	Housing Assistance Payments Revenue			3,806,693							3,806,693	-	3,806,693
11180-015	Fraud Recovery Revenue			7,641							7,641	-	7,641
11180-020	Other revenue			-							-	-	-
11180-021	Comment for other revenue			-							-	-	-
11180-025	Investment Income			-							-	-	-
11180-030	Total HAP revenues			3,814,334							3,814,334	-	3,814,334
11180-080	Housing Assistance Payments			3,803,612							3,803,612	-	3,803,612
11180-090	Other expense			-							-	-	-
11180-091	Comment for other expense			-							-	-	-
11180-100	Total Housing Assistance Payments Expense			3,803,612							3,803,612	-	3,803,612
11180-002	Net Housing Assistance Payments			10,722							10,722	-	10,722
11180-003	Housing Assistance Payment Equity - Ending Balance			29,880							29,880	-	29,880
11180	Housing Assistance Payments Equity			29,880							29,880	-	29,880
11190	Unit Months Available	2,340	-	12,648	780	50	-	-	-	15	15,833	-	15,833
11210	Unit Months Leased	2,291	-	10,206	734	49	-	-	-	12	13,292	-	13,292
11270	Excess Cash	465,629									465,629	-	465,629
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	154,286	-	-	-	-	-	-	-	154,286	-	154,286
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-
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, 2017

	Low Rent / CFP	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Eliminations	Total
Assets and Deferred Outflows of Resources									
Assets:									
Current assets:									
Cash - unrestricted	\$ 620,309	\$ 602,884	\$ 528,656	\$ 52,679	\$ 1	\$ 76,097	\$ 92,480	\$ -	\$ 1,973,106
Cash - restricted	-	29,880	-	-	-	-	-	-	29,880
Cash - tenant security deposits	21,974	-	7,570	3,315	-	-	354	-	33,213
Total cash	642,283	632,764	536,226	55,994	1	76,097	92,834	-	2,036,199
Accounts receivable - other government	-	-	-	-	4,748	65,213	-	-	69,961
Accounts receivable - miscellaneous	-	-	-	-	-	39,405	-	-	39,405
Accounts receivable - tenants	14,206	-	2,948	9,600	-	-	-	-	26,754
Inter-program - due from	-	-	198,886	-	-	24,979	114,296	(338,161)	-
Prepaid expenses and other assets	-	-	-	-	-	2,390	-	-	2,390
Inventories	-	-	-	-	-	50,721	-	-	50,721
Total current assets	656,489	632,764	738,060	65,594	4,749	258,805	207,130	(338,161)	2,225,430
Noncurrent assets:									
Capital assets, net	3,230,781	17,167	238,621	656,093	-	60,398	193,175	-	4,396,235
Total Assets	3,887,270	649,931	976,681	721,687	4,749	319,203	400,305	(338,161)	6,621,665
Deferred Outflows of Resources:									
Deferred outflows of resources for pension	77,521	112,656	48,930	2,931	-	149,868	-	-	391,906
Total Assets and Deferred Outflows of Resources	\$ 3,964,791	\$ 762,587	\$ 1,025,611	\$ 724,618	\$ 4,749	\$ 469,071	\$ 400,305	\$ (338,161)	\$ 7,013,571
Liabilities, Deferred Inflows of Resources, and Net Position									
Liabilities:									
Current liabilities:									
Accounts payable	\$ 24,620	\$ 1,675	\$ 14,183	\$ 9,573	\$ 1,853	\$ 51,002	\$ 3,521	\$ -	\$ 106,427
Accrued wage and payroll taxes	-	-	-	-	-	-	4,729	-	4,729
Accrued compensated absences - current	12,855	29,650	8,803	3,713	-	9,142	-	-	64,163
Accounts payable - other government	37,473	4,416	10,367	-	-	1,105	-	-	53,361
Tenant security deposits	21,974	-	7,570	3,315	-	-	354	-	33,213
Inter-program - due to	30,214	43,645	-	4,137	2,896	58,383	198,886	(338,161)	-
Current portion of long-term debt	-	-	-	25,974	-	-	24,250	-	50,224
Total current liabilities	127,136	79,386	40,923	46,712	4,749	119,632	231,740	(338,161)	312,117
Noncurrent liabilities:									
Accrued compensated absences - non-current	15,167	34,983	10,387	4,381	-	10,786	-	-	75,704
Long-term debt, net of current portion	-	-	-	668,804	-	-	-	-	668,804
Net pension liability	155,362	225,778	98,062	5,874	-	300,353	-	-	785,429
Total noncurrent liabilities	170,529	260,761	108,449	679,059	-	311,139	-	-	1,529,937
Total Liabilities	297,665	340,147	149,372	725,771	4,749	430,771	231,740	(338,161)	1,842,054
Deferred Inflows of Resources:									
Deferred inflows of resources - Voucher Program	3,450	5,013	2,177	130	-	6,670	-	-	17,440
Net Position:									
Net investment in capital assets	3,230,781	17,167	238,621	(38,685)	-	60,398	193,175	-	3,701,457
Restricted	-	29,880	-	-	-	-	-	-	29,880
Unrestricted	432,895	370,380	635,441	37,402	-	(28,768)	(24,610)	-	1,422,740
Total Net Position	3,663,676	417,427	874,062	(1,283)	-	31,630	168,565	-	5,154,077
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,964,791	\$ 762,587	\$ 1,025,611	\$ 724,618	\$ 4,749	\$ 469,071	\$ 400,305	\$ (338,161)	\$ 7,013,571

HOUSING AUTHORITY OF THE COUNTY OF ERIE

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

YEAR ENDED DECEMBER 31, 2017

	Low Rent / CFP	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Total
Operating Revenues:								
Net tenant revenue	\$ 575,643	\$ -	\$ 175,308	\$ 2,836	\$ -	\$ -	\$ 5,330	\$ 759,117
HUD PHA operating grants	396,108	4,391,854	204,357	21,750	-	-	-	5,014,069
Other governmental grants	-	-	-	-	506,780	493,984	-	1,000,764
Other revenue	9,610	32,863	101,727	172	-	433,668	194,100	772,140
Total operating revenues	981,361	4,424,717	481,392	24,758	506,780	927,652	199,430	7,546,090
Operating Expenses:								
Housing assistance payments	-	3,819,505	-	-	-	-	-	3,819,505
Administrative	213,126	545,339	208,342	10,053	22,065	363,177	1,882	1,363,984
Tenant services	96	-	-	-	-	-	-	96
Utilities	198,039	-	96,466	3,868	-	-	1,039	299,412
Maintenance and operations	316,720	-	117,403	5,603	464,397	589,300	26,605	1,520,028
Protective services	656	-	-	127	-	-	-	783
Insurance premiums	42,333	-	8,285	1,115	-	7,855	301	59,889
Other general expenses	60,725	28,028	19,600	2,486	-	13,240	-	124,079
Total operating expenses	831,695	4,392,872	450,096	23,252	486,462	973,572	29,827	7,187,776
Operating Income (Loss)	149,666	31,845	31,296	1,506	20,318	(45,920)	169,603	358,314
Non-Operating Revenues (Expenses):								
Gain (loss) on sale of capital assets	5,586	-	11,171	-	-	(328)	-	16,429
Investment income - unrestricted	104	2,099	105	1	-	5	-	2,314
Investment income - restricted	32	-	-	-	-	-	-	32
Interest expense	-	-	(220)	(1,778)	-	-	(113)	(2,111)
Depreciation expense	(321,548)	(6,791)	(52,314)	(1,012)	-	(4,756)	(925)	(387,346)
Total non-operating revenues (expenses)	(315,826)	(4,692)	(41,258)	(2,789)	-	(5,079)	(1,038)	(370,682)
Capital Contributions:								
HUD capital grants	154,286	-	-	-	-	-	-	154,286
Change in Net Position	(11,874)	27,153	(9,962)	(1,283)	20,318	(50,999)	168,565	141,918
Net position - beginning	3,675,550	390,274	884,024	-	(20,318)	82,629	-	\$ 5,012,159
Net position - ending	\$ 3,663,676	\$ 417,427	\$ 874,062	\$ (1,283)	\$ -	\$ 31,630	\$ 168,565	\$ 5,154,077

HOUSING AUTHORITY OF THE COUNTY OF ERIE

ACTUAL MODERNIZATION COST CERTIFICATE

2016 Capital Fund Program Grant

PA28P087501-16

Funds Approved	\$	228,553
Funds Disbursed	\$	228,553
Funds Expended (Actual Modernization Cost)	\$	228,553
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, 2017

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal CFDA 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 (Low-Income Housing Assistance Program)	14.850	N/A	\$ 329,108	\$ -
Public Housing Capital Fund (CFP)	14.872	N/A	221,286	-
Housing Voucher Cluster / Section 8 Housing Choice Vouchers	14.871	N/A	4,392,872	32,705
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	204,357	-
Section 8 Housing Assistance Payments Program	14.195	N/A	21,750	-
Total Section 8 Project-Based Cluster			226,107	-
Passed through the Commonwealth of Pennsylvania:				
Community Development Block Grants	14.228	C000058614	105,517	-
Community Development Block Grants	14.228	C000061503	158,489	-
Community Development Block Grants	14.228	C000063285	93,782	-
Community Development Block Grants	14.228	C000064553	148,992	-
Subtotal Community Development Block Grants - 14.228			506,780	-
Total U.S. Department of Housing and Urban Development			5,676,153	-
<u>U.S. Department of Health and Human Services:</u>				
Passed through the Commonwealth of Pennsylvania:				
Low-Income Home Energy Assistance	93.568	C000061672	233,411	-
<u>U.S. Department of Energy:</u>				
Passed through the Commonwealth of Pennsylvania:				
Weatherization Assistance for Low-Income Persons	81.042	C000066297	93,129	-
Weatherization Assistance for Low-Income Persons	81.042	C000055874	137,760	-
Subtotal Weatherization Assistance for Low-Income Persons - 81.042			230,889	-
Total Expenditures of Federal Awards			\$ 6,140,453	\$ 32,705

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, 2017

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, 2017. 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, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or 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, 2017

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

	CDBG 2013 C000058614	CDBG 2014 C000061503	CDBG 2015 C000063285	CDBG 2016 C000064553
Due from DCED at December 31, 2016	\$ -	\$ 1,521	\$ 12,114	\$ -
Receipts	105,517	158,157	103,001	148,992
Disbursements	<u>105,517</u>	<u>158,489</u>	<u>93,782</u>	<u>148,992</u>
Due from DCED at December 31, 2017	<u>\$ -</u>	<u>\$ 1,853</u>	<u>\$ 2,895</u>	<u>\$ -</u>
	LIHEAP C000061672	Weatherization C000055874	Weatherization C000066297	
Due from DCED at December 31, 2016	\$ 36,168	\$ 14,139	\$ -	
Receipts	237,503	151,899	59,992	
Disbursements	<u>233,411</u>	<u>137,760</u>	<u>93,129</u>	
Due from DCED at December 31, 2017	<u>\$ 32,076</u>	<u>\$ -</u>	<u>\$ 33,137</u>	

**Housing Authority of the
County of Erie**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2017

**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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 21, 2018.

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) to determine 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 the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
May 21, 2018

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 December 31, 2017. 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

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, 2017.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
May 21, 2018

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

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:

CFDA Number(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, 2017

NO FINDINGS IN PRIOR YEAR