

**Housing Authority of the
County of Erie**

Single Audit

December 31, 2025

MaherDuessel

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HOUSING AUTHORITY OF THE COUNTY OF ERIE

YEAR ENDED DECEMBER 31, 2025

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YEAR ENDED DECEMBER 31, 2025

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Housing Authority of the County of Erie (Authority), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As further described in Note 1 to the financial statements, the beginning net position as of January 1, 2025 has been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
June 5, 2026

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Required Supplementary 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, 2025 with selected comparative information for the fiscal year ended December 31, 2024. 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 and deferred inflows of the Authority exceeded its liabilities and deferred outflows at the close of fiscal year 2025 by \$8,930,287 (net position). Of this amount, \$5,076,130 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. Capital assets increased by \$127,451 due mainly to the capital improvements made to our Barnett Building property.
3. Net position decreased by \$244,690 for the fiscal year ended December 31, 2025 primarily from a decrease in grant funds drawn down for the Weatherization and CDBG programs compared to the prior year.
4. Operating revenues decreased by \$973,234 due to the fact that in the prior year we had a large drawdown in Public Housing Capital Funds in order to complete our RAD conversion which inflated our Operating Revenue beyond the typical amount.
5. During 2025, the Authority determined that capital asset balances related to Erie County Rentals were improperly stated at the beginning of the year. As a result, the beginning balances for capital assets and net position as of January 1, 2025 were restated to correct this error in the amount of \$312,605.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Erie County Housing Authority
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Required Supplementary Information

AUTHORITY ACTIVITY HIGHLIGHTS

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended December 31, 2025 and 2024:

	2025	2024
Operating revenues	\$ 10,765,612	\$ 11,738,846
Operating expenses	10,168,514	9,727,576
Operating Income (Loss)	597,098	2,011,270
Non-Operating Revenue & Expenses, net	(841,788)	(929,432)
Capital Contributions	-	434,394
Change in net position	(244,690)	1,516,232
Total Net Position – Beginning of year	8,862,372	7,346,140
Prior period adjustments/transfers	312,605	-
Total Net Position – End of year	\$ 8,930,287	\$ 8,862,372

Operating revenues decreased by \$973,234 due to the fact that in the prior year we had a large drawdown in Public Housing Capital Funds in order to complete our RAD conversion which inflated our Operating Revenue beyond the typical amount. Operating expenses increased by \$440,938 due to an increase in HAP payments in the Section 8 Voucher Program.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended December 31, 2025 and 2024:

	2025	2024
Owned by Authority	-	-
Units under vouchers	1,058	1,058
Other vouchers	313	313
Total Housing Units Managed	1,371	1,371

The Section 8 Voucher lease up rate averaged 89 percent during the fiscal year ended December 31, 2025. It is anticipated that the program lease-up will remain the same during fiscal year 2026.

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Required Supplementary Information

NET POSITION

Total net position decreased from the previous year by \$244,690. One 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, 2025 and 2024:

	2025	2024, as restated
Capital Assets	\$ 21,735,447	\$ 21,053,590
Less capital related debt	(5,615,259)	(5,696,839)
Less capital related accounts payable	-	(358,214)
Less accumulated depreciation	(14,857,578)	(14,263,783)
Plus unspent debt proceeds	-	2,819,364
Construction in progress	39,389	-
Total Net Investment In Capital Assets	\$ 1,301,999	\$ 3,554,118

CAPITAL ASSETS

Capital Assets is the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2025 and 2024:

	2025	2024, as restated
Land	\$ 431,477	\$ 431,477
Building and Improvements	19,652,574	19,093,883
Furniture and equipment – dwellings	1,014,140	968,992
Furniture and equipment – administration	637,256	559,238
Total	\$ 21,735,447	\$ 21,053,590
Less: accumulated depreciation	(14,857,578)	(14,263,783)
Construction in progress	39,389	-
Capital assets, net	\$ 6,917,258	\$ 6,789,807

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Required Supplementary Information

FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets plus total deferred outflows less total liabilities and deferred inflows and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net position at December 31, 2025 and 2024:

	2025	2024, as restated
Assets		
Current assets	\$ 8,497,843	\$ 8,959,585
Capital assets	6,917,258	6,789,808
Total assets	15,415,101	15,749,393
Deferred Outflows - Pension	312,619	329,153
Liabilities		
Current liabilities	555,203	909,638
Noncurrent liabilities	5,976,997	5,955,209
Total liabilities	6,532,200	6,864,847
Deferred Inflows -Pension	265,233	38,722
Net position		
Net investment in capital assets	1,301,999	3,554,119
Restricted	2,552,158	543,133
Unrestricted	5,076,130	5,077,725
Total net position	\$ 8,930,287	\$ 9,174,977

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

DEBT ADMINISTRATION

The Authority has a line of credit with a local bank in the amount of \$100,000. The outstanding balance of that line was \$14,000 at December 31, 2025.

A second line of credit is used to fund operating and repair expenses related to the three new rental properties received from Stairways Behavioral Health in the amount of \$30,000. The outstanding balance of the Line of Credit was \$0 at December 31, 2025.

With the purchase of the 50-Unit, Multi-Family property the Housing Authority acquired a new mortgage in the amount of \$700,000. The outstanding balance on that mortgage was \$353,804 at December 31, 2025.

With the transfer of a portion of the Authority's Public Housing to RAD, Erie County Rentals, Inc. acquired a new mortgage in the amount of \$5,355,800. The outstanding balance on that mortgage was \$5,261,455 at December 31, 2025.

Erie County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Required Supplementary Information

ECONOMIC FACTORS

According to the most current information available from U.S. Department of Housing and Urban Development, Section 8 HAP and administrative fee revenue are expected to remain the same. The current administration has shown interest in cutting funding to Low-Income Housing programs in 2027, so it is important for the Authority to find ways to acquire additional funding streams and also explore cost saving measures if appropriate. The Authority 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, 2025

Assets and Deferred Outflows of Resources	
Assets:	
<hr/>	
Current assets:	
Cash - unrestricted	\$ 5,611,490
Cash - restricted	2,552,158
Cash - tenant security deposits	40,370
Total cash	8,204,018
Accounts receivable - other governments	162,325
Accounts receivable - miscellaneous	38,350
Accounts receivable - tenants	28,309
Prepaid expenses and other assets	5,639
Inventories	59,202
Total current assets	8,497,843
Noncurrent assets:	
Capital assets, non-depreciable	470,866
Capital assets, depreciable net of accumulated depreciation	6,446,392
Total noncurrent assets	6,917,258
Total Assets	15,415,101
<hr/>	
Deferred Outflows of Resources:	
Deferred outflows of resources for pension	312,619
Total Assets and Deferred Outflows of Resources	\$ 15,727,720

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF NET POSITION

DECEMBER 31, 2025

(Continued)

Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
<hr/>	
Current liabilities:	
Accounts payable	\$ 170,272
Accrued wages and payroll taxes	8,713
Accrued compensated absences - current	149,688
Accounts payable - other government	88,878
Tenant security deposits	40,370
Current portion of long-term debt	83,257
Loan liability - current	14,000
Other current liabilities	25
Total current liabilities	555,203
Noncurrent liabilities:	
Accrued compensated absences - non-current	217,298
Long-term debt, net of current portion	5,532,002
Net pension liability	227,697
Total noncurrent liabilities	5,976,997
Total Liabilities	6,532,200
 Deferred Inflows of Resources:	
<hr/>	
Deferred inflows of resources for pension	265,233
 Net Position:	
<hr/>	
Net investment in capital assets	1,301,999
Restricted	2,552,158
Unrestricted	5,076,130
Total Net Position	8,930,287
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,727,720

(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, 2025

Operating Revenues:	
Net tenant revenue	\$ 1,110,986
HUD PHA operating grants	8,056,042
Other governmental grants	1,135,123
Other revenue	463,461
Total operating revenues	10,765,612
 Operating Expenses:	
Housing assistance payments	5,312,011
Administrative	2,233,710
Tenant services	540
Utilities	426,882
Maintenance and operations	1,757,162
Insurance premiums	187,650
Other general expenses	250,559
Total operating expenses	10,168,514
 Operating Income (Loss)	 597,098
 Non-Operating Revenues (Expenses):	
Gain (loss) on sale of capital assets	8,175
Investment income - unrestricted	119,293
Interest expense	(337,026)
Depreciation expense	(602,912)
Extraordinary maintenance	(29,318)
Total non-operating revenues (expenses)	(841,788)
 Change in Net Position	 (244,690)
Net position - beginning, of year, as previously reported	8,862,372
Correction of error	312,605
Net position - beginning of year, as restated	9,174,977
Net position - ending	\$ 8,930,287

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash Flows From Operating Activities:

Operating grants received	\$ 9,296,591
Receipts from tenants	1,097,641
Other receipts	435,486
Payments to vendors for goods and services	(2,486,062)
Payments to employees and professionals	(2,391,025)
Housing assistance payments	(5,312,011)
	640,620

Cash Flows From Capital and Related Financing Activities:

Proceeds from sale of capital assets	11,822
Interest paid on long-term debt and lines of credit	(337,026)
Principal paid on lines of credit	(11,000)
Principal paid on long-term debt	(81,580)
Purchases and construction of capital assets	(734,009)
Extraordinary maintenance	(29,318)
	(1,181,111)

Cash Flows From Investing Activities:

Interest income	119,293
	119,293

Net Increase (Decrease) in Cash (421,198)

Cash:

Beginning of year	8,625,216
End of year	\$ 8,204,018

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

(Continued)

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used in) Operating Activities:

<u>Operating income (loss)</u>	\$	597,098
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Accounts receivable		36,844
Prepaid expenses and other assets		45
Inventories		3,655
Deferred inflows/outflows of resources for pension		243,045
Accounts payable		(355,597)
Other current liabilities		25
Accrued payroll and related taxes		5,228
Accrued compensated absences		15,944
Tenant security deposits		3,809
Net pension liability/(asset)		<u>90,524</u>
Total adjustments		<u>43,522</u>
Net cash provided by (used in) operating activities	\$	<u><u>640,620</u></u>

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

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.

Component Units

Component units are legally separate organizations for which the Authority is financially accountable. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority designates management, approves their budget, and guarantees their debt.

A blended component unit, although a legally separate entity, is in substance, part of the government's operations. Data from these units are combined with data of the primary government. It has been determined that Erie County Rentals, Inc. and Rosewood Rental Company, Inc. have met the requirements to be blended component units as they provide services exclusively for the benefit of the Authority and are wholly owned by the Authority.

Erie County Rentals, Inc. contains 161-units of low-income housing located in Corry, North East, and Erie County, Pennsylvania. On December 1, 2023, the Authority obtained financing from HUD through the Rental Assistance Demonstration Program (RAD). The RAD contracts will provide funding for the Authority for 20 years, at which time there is an option to renew the contracts for an additional 20 years.

Rosewood Rental Company, Inc. contains 34-units of low-income housing located in Corry and North East, Pennsylvania. On December 1, 2024, the Authority obtained financing from HUD through the Rental Assistance Demonstration Program (RAD). The RAD contracts will

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

provide funding for the Authority for 20 years, at which time there is an option to renew the contracts for an additional 20 years.

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:

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

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

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

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

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

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Operating and Non-Operating Revenues and Expenses and Capital Contributions

Operating and non-operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of the Authority. Operating revenues consist of tenant rents and governmental grants. Non-operating revenues and expenses and capital contributions consist of those revenues and expenses relating to capital items and investment income.

Budgets

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

Statement of Cash Flows

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

Accounts Receivable

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

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.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Inventories

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

Capital Assets

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

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

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is recorded as incurred in the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Vacation

The Authority's policy permits employees to accumulate earned but unused vacation benefits which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Authority's policy permits employees to accumulate earned but unused sick time up to 480 hours. All sick leave lapses when employees leave the employment of the Authority and, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Use of Estimates

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

Classifications of Net Position

The following are the three categories of net position:

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

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, 2025 consisted of Section 8 Housing Choice Voucher funds that must be used for activities related to the provision of tenant-based rental assistance and Component Unit reserve for replacement.
- 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 assets 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 assets 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, 2025

Adopted Pronouncements

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, for the year ended December 31, 2025. Adoption of this Statement did not have a significant impact on the Authority's financial statements for the current year.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

Prior Period Restatement

During 2025, the Authority determined that capital asset balances related to Erie County Rentals were improperly stated at the beginning of the year. As a result, the beginning balances for capital assets and net position as of January 1, 2025 were restated to correct this error. The cumulative effect of the prior period restatement on beginning net position as of January 1, 2025 are as follows:

<u>Reporting Units Affected by Restatement of Beginning Balances</u>	
January 1, 2025, net position as previously reported	\$ 8,862,372
Error correction	<u>312,605</u>
January 1, 2025, net position as restated	<u>\$ 9,174,977</u>

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

HOUSING AUTHORITY OF THE COUNTY OF ERIE

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required by statute to continuously and fully secure all deposits in excess of the amounts insured under federal or state plans by the deposit or setting aside of collateral of the types, and in the manner as is prescribed by state law for the security of public funds. Such collateral shall, at all times, be of a market value at least equal to the amount of deposits so secured.

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

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

As of December 31, 2025, \$457,880 of the Authority's \$3,595,695 bank balance was insured by the Federal Deposit Insurance Corporation and National Credit Union Administration. The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had a carrying amount of \$3,484,075 for the Authority.

As of December 31, 2025, \$250,000 of Erie County Rentals, Inc. \$1,138,096 bank balance was insured by the Federal Deposit Insurance Corporation with the remaining balance uninsured. Also, an additional \$2,045,238 in deposits which are part of the mortgage proceeds insured by HUD, is held by Centennial Mortgage, Inc. as required reserves in relation to the RAD conversion mortgage. As of December 31, 2025, \$250,000 of the reserve balance was insured by the Federal Deposit Insurance Corporation. The reserve amount above is presented as cash – restricted on the statement of net position as of December 31, 2025. The total deposits for Erie County Rentals, Inc. had a carrying amount of \$3,178,667.

As of December 31, 2025, \$250,000 of Rosewood Rental Company, Inc. \$1,542,033 bank balance was insured by the Federal Deposit Insurance Corporation with the remaining balance uninsured. The total deposits for Rosewood Rental Company, Inc. had a carrying amount of \$1,541,276.

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Restricted Cash

Cash was restricted at December 31, 2025 for the following purpose:

Housing assistance payments	\$	137,436
Reserve for replacement		2,289,293
Mortgage escrow deposits		59,446
Relocation escrow		25,097
Repair escrow		40,886
Total	\$	<u>2,552,158</u>

3. Capital Assets

A summary of changes in capital assets during 2025 is as follows:

	December 31, 2024	Increases	Decreases	Transfers	December 31, 2025
Capital assets, not being depreciated:					
Land	\$ 431,477	\$ -	\$ -	\$ -	\$ 431,477
Construction in progress	-	39,389	-	-	39,389
Total capital assets not being depreciated	<u>431,477</u>	<u>39,389</u>	<u>-</u>	<u>-</u>	<u>470,866</u>
Capital assets being depreciated:					
Buildings	19,093,883	558,691	-	-	19,652,574
Furniture, equipment, and machinery - dwellings	968,992	45,148	-	-	1,014,140
Furniture, equipment, and machinery - administration	559,238	90,781	(12,763)	-	637,256
Total capital assets, being depreciated	20,622,113	694,620	(12,763)	-	21,303,970
Less accumulated depreciation	<u>(14,263,783)</u>	<u>(602,912)</u>	<u>9,117</u>	<u>-</u>	<u>(14,857,578)</u>
Total capital assets being depreciated, net	6,358,330	91,708	(3,646)	-	6,446,392
Total capital assets	<u>\$ 6,789,807</u>	<u>\$ 131,097</u>	<u>\$ (3,646)</u>	<u>\$ -</u>	<u>\$ 6,917,258</u>

HOUSING AUTHORITY OF THE COUNTY OF ERIE

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YEAR ENDED DECEMBER 31, 2025

4. Long-Term Liabilities

Mortgages Payable – Direct Borrowings

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

In conjunction with the transfer of a portion of the Authority's Public Housing to RAD, the Authority executed a mortgage note payable on November 7, 2023 in the original amount of \$5,355,800. The proceeds from this loan will be used for the rehabilitation of the converted RAD properties. The mortgage matures in 2058 and requires monthly principal and interest payments. The mortgage bears interest at 6.06%. The note payable is collateralized by a mortgage, a security agreement, and a regulatory agreement. Under the terms of this agreement, if the Authority fails to make required principal and interest payments, the lender has the option to collect rents among other remedies upon the approval of HUD who insures the loan.

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

Year Ending December 31,	Principal	Interest	Total
2026	\$ 83,257	\$ 335,349	\$ 418,606
2027	87,729	330,877	418,606
2028	92,406	326,200	418,606
2029	97,436	321,170	418,606
2030	102,703	315,903	418,606
2031-2035	603,478	1,489,548	2,093,026
2036-2040	630,303	1,314,062	1,944,365
2041-2045	723,950	943,330	1,667,280
2046-2050	979,421	865,839	1,845,260
2051-2055	1,325,039	520,221	1,845,260
2056-2058	889,537	97,132	986,669
Total long-term debt	<u>\$ 5,615,259</u>	<u>\$ 6,859,631</u>	<u>\$ 12,474,890</u>

The schedule of changes in long-term liability activity for the year ended December 31, 2025 is presented below:

	Balance at January 1, 2025	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
2017 Mortgage payable	\$ 386,786	\$ -	\$ (32,982)	\$ 353,804	\$ 31,631
2023 Mortgage payable	5,310,053	-	(48,598)	5,261,455	51,626
Compensated absences	351,042	15,944	-	366,986	149,688
Total long-term liabilities	<u>\$ 6,047,881</u>	<u>\$ 15,944</u>	<u>\$ (81,580)</u>	<u>\$ 5,982,245</u>	<u>\$ 232,945</u>

5. Lines of Credit

The Authority maintains a line of credit of \$100,000 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, 2025, the rate on the line was 4.93% and there was a \$14,000 outstanding balance. In the event of default, lenders have the right to receive the collateralized property.

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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, 2025, the rate on the line was 8.0% and there was no outstanding balance.

6. Deferred Compensation Plan

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

The plans are available to all full-time employees of the Authority. As part of its fiduciary role, the Authority has an obligation of due care in selecting the third-party administrator. Under the plans, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Participation in the plans is voluntary, and the Authority does not contribute to the plans. During 2025, employees of the Authority contributed \$11,385 to the plans.

7. Pension Plan

Plan Description

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

Plan provisions are established by municipal ordinance with the Authority for municipal contributions required by Act 205 of the Commonwealth (the Act). All permanent, full-time employees are eligible to participate in the Plan. An employee is fully vested after eight

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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 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, 2024, employee membership data related to the Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>29</u>
Total plan members	<u><u>50</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, 2025, the Authority contributed the funds necessary to meet the MMO for the Plan in the amount of \$144,748.

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

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YEAR ENDED DECEMBER 31, 2025

Changes in the Net Pension Liability/(Asset)

The changes in the Authority's net pension liability/(asset) based on a measurement date of December 31, 2024 are as follows:

	Total Pension Liability/(Asset)	Plan Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2023	\$ 4,968,612	\$ 4,831,439	\$ 137,173
Changes for the year:			
Service cost	100,681	-	100,681
Interest	260,448	-	260,448
Changes in benefit terms	432,130	-	432,130
Changes in assumptions	(142,281)	-	(142,281)
Differences between expected and actual experience	(189,260)	-	(189,260)
Contributions - employer	-	123,875	(123,875)
Contributions - PMRS assessment	-	1,140	(1,140)
Contributions - employee	-	41,600	(41,600)
Net investment income	-	218,853	(218,853)
Benefit payments	(219,552)	(219,552)	-
Administrative expense	-	(14,274)	14,274
Balances at December 31, 2024	\$ 5,210,778	\$ 4,983,081	\$ 227,697
Plan fiduciary net position as a percentage of the total net pension liability/(asset)			95.63%

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Actuarial Assumptions - The total pension liability/(asset) was determined by an actuarial valuation performed on January 1, 2023, with liabilities measured at December 31, 2024, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	5.50%
Projected salary increases	2.79% - 6.22%*
* includes inflation rate of 2.2%	
Post-retirement cost-of-living adjustments	2.2%, subject to plan limitations

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

Pre-retirement mortality:

Males:	PUB-2010 General Employees table
Females:	PUB-2010 General Employees table

Post-retirement mortality:

Males:	RP2006 annuitant table
Females:	RP2006 annuitant table

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

1. Expected future real rates of return are based primarily on the 20-year historic nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the PMRS Board’s opinion, any such asset classes are expected in the future to significantly vary from its 20-year historical returns.
2. The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 2.2% to produce real rates of return.

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3. The real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations. The results from steps 1 through 3 are presented in the chart labeled “System Nominal Net and Real Rates of Return by Asset Class.”

4. These weighted real rates of return are then subjected to a probability simulation to understand the likelihood of success in achieving various portfolio return levels. Based on the most recent asset allocation study, the minimum acceptable confidence level for the PMRS Board has been determined to be 60%. The chart labeled “Confidence Levels for System Nominal Net and Real Rates of Return” identifies simulated portfolio returns at various confidence levels.

For the year ended December 31, 2024, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 9.22%.

Discount Rate. The discount rate used to measure the total pension liability/(asset) was 5.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Authority’s contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
\$ 834,406	\$ 227,697	\$ (286,515)

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YEAR ENDED DECEMBER 31, 2025

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

For the year ended December 31, 2025, the Authority recognized pension expense of \$333,569. At December 31, 2025, 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	\$ 31,288	\$ 151,408
Pension contributions subsequent to measurement date	144,748	-
Change in assumptions	-	113,825
Net difference between projected and actual earnings on pension plan investments	136,583	-
Total	\$ 312,619	\$ 265,233

\$144,748 reported as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2026	\$ (6,039)
2027	82,727
2028	(111,933)
2029	(62,117)
	\$ (97,362)

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

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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 2026, but any such reductions are not currently expected to have an immediate material adverse impact to the Authority.

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

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

10. Blended Component Unit Combining Financial Statements

Condensed combining information for Authority's blended component units are as follows:

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YEAR ENDED DECEMBER 31, 2025

CONDENSED STATEMENT OF NET POSITION

	Erie County Rentals, Inc.	Rosewood Rental Company, Inc.	Total Component Units
<u>2025</u>			
<u>Assets:</u>			
Total current assets	\$ 3,147,423	\$ 1,537,964	\$ 4,685,387
Total capital assets, net of accumulated depreciation	14,890,085 <u>(10,260,929)</u>	2,450,292 <u>(1,765,186)</u>	17,340,377 <u>(12,026,115)</u>
Capital assets, net	4,629,156	685,106	5,314,262
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	4,629,156	685,106	5,314,262
Total Assets	<u>7,776,579</u>	<u>2,223,070</u>	<u>9,999,649</u>
<u>Deferred Outflows of Resources:</u>			
Deferred outflows of resources for pension	31,193	14,773	45,966
Total Assets and Deferred Outflows of Resources	<u>\$ 7,807,772</u>	<u>\$ 2,237,843</u>	<u>\$ 10,045,615</u>
<u>Liabilities:</u>			
Total current liabilities	\$ 170,245	\$ 23,191	\$ 193,436
Total non-current liabilities	5,267,539	20,120	5,287,659
Total Liabilities	<u>5,437,784</u>	<u>43,311</u>	<u>5,481,095</u>
<u>Deferred Inflows of Resources:</u>			
Deferred inflows of resources for pension	26,467	12,533	39,000
<u>Equity/Net Position:</u>			
Net investment in capital assets	(632,300)	685,107	52,807
Restricted net position	2,045,238	369,484	2,414,722
Unrestricted net position	930,583	1,127,408	2,057,991
Total Equity/Net Position	<u>2,343,521</u>	<u>2,181,999</u>	<u>4,525,520</u>
Total Liabilities, Deferred Inflows of Resources, and Equity/ Net Position	<u>\$ 7,807,772</u>	<u>\$ 2,237,843</u>	<u>\$ 10,045,615</u>

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

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

	Erie County Rentals, Inc.	Rosewood Rental Company, Inc.	Total Component Units
<u>2025</u>			
<u>Operating revenue:</u>			
Net tenant revenue	\$ 659,156	\$ 98,658	\$ 757,814
Other government grants	668,072	381,139	1,049,211
Other revenue	9,972	7,269	17,241
Total operating revenue	1,337,200	487,066	1,824,266
<u>Operating expenses:</u>			
Administrative	183,426	62,202	245,628
Tenant services	540	-	540
Utilities	208,734	35,450	244,184
Maintenance and operations	373,141	181,840	554,981
Insurance premiums	84,437	32,688	117,125
Other general expenses	67,309	16,174	83,483
Total operating expenses	917,587	328,354	1,245,941
Operating income (loss)	419,613	158,712	578,325
<u>Non-operating revenue (expenses):</u>			
Investment income - unrestricted	25,871	36,555	62,426
Interest expense	(320,454)	-	(320,454)
Depreciation expense	(413,277)	(67,138)	(480,415)
Gain or loss on sale of capital assets	8,175	-	8,175
Total non-operating revenue (expenses)	(699,685)	(30,583)	(730,268)
Total Changes in Net Position	(280,072)	128,129	(151,943)
Beginning Net Position, as previously reported	2,310,988	2,053,870	4,364,858
Correction of error	312,605	-	312,605
Beginning Net Position, as restated	2,623,593	2,053,870	4,677,463
Ending Net Position	\$ 2,343,521	\$ 2,181,999	\$ 4,525,520

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YEAR ENDED DECEMBER 31, 2025

CONDENSED STATEMENT OF CASH FLOWS

	Erie County Rentals, Inc.	Rosewood Rental Company, Inc.	Total Component Units
2025			
Net cash provided by (used in) operating activities	\$ 160,764	\$ 212,467	\$ 373,231
Net cash provided by (used in) capital and related financing activities	(542,638)	(54,024)	(596,662)
Net cash provided by (used in) investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(381,874)	158,443	(223,431)
Beginning of year cash and cash equivalents	3,528,000	1,367,477	4,895,477
End of year cash and cash equivalents	<u>\$ 3,146,126</u>	<u>\$ 1,525,920</u>	<u>\$ 4,672,046</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

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

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020**	2019	2018	2017	2016
Total Pension Liability:										
Service cost	\$ 100,681	\$ 97,448	\$ 86,722	\$ 77,217	\$ 68,204	\$ 62,998	\$ 63,089	\$ 64,685	\$ 62,399	\$ 73,215
Interest	260,448	254,249	249,771	249,428	249,842	246,754	236,993	235,736	233,551	228,966
Changes of benefit terms	432,130	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(189,260)	-	78,220	-	(193,602)	-	153,565	-	84,580	-
Changes of assumptions	(142,281)	-	-	-	103,059	-	-	-	114,831	35,370
Transfers	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(219,552)	(253,712)	(424,403)	(237,205)	(251,436)	(260,709)	(274,370)	(275,385)	(232,682)	(253,779)
Net Changes in Total Pension Liability	242,166	97,985	(9,690)	89,440	(23,933)	49,043	179,277	25,036	262,679	83,772
Total Pension Liability - Beginning	4,968,612	4,870,627	4,880,317	4,790,877	4,814,810	4,765,767	4,586,490	4,561,454	4,298,775	4,215,003
Total Pension Liability - Ending (a)	\$ 5,210,778	\$ 4,968,612	\$ 4,870,627	\$ 4,880,317	\$ 4,790,877	\$ 4,814,810	\$ 4,765,767	\$ 4,586,490	\$ 4,561,454	\$ 4,298,775
Plan Fiduciary Net Position:										
Employer contributions	\$ 123,875	\$ 116,688	\$ 99,616	\$ 99,198	\$ 89,730	\$ 87,225	\$ 76,311	\$ 104,894	\$ 86,773	\$ 87,358
Employee contributions	42,740	41,425	37,135	33,123	31,329	28,957	29,963	30,676	30,847	31,810
Net investment income	218,853	480,343	(664,974)	672,404	345,406	830,467	(117,653)	661,590	335,425	82
Transfers	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(219,552)	(253,712)	(424,403)	(237,205)	(251,436)	(260,709)	(274,370)	(275,385)	(232,682)	(253,779)
Administrative expense	(14,274)	(14,113)	(13,239)	(13,966)	(10,948)	(8,628)	(10,017)	(10,308)	(11,082)	(9,335)
Net Change in Plan Fiduciary Net Position	151,642	370,631	(965,865)	553,554	204,081	677,312	(295,766)	511,467	209,281	(143,864)
Plan Fiduciary Net Position - Beginning	4,831,439	4,460,808	5,426,673	4,873,119	4,669,038	3,991,726	4,287,492	3,776,025	3,566,744	3,710,608
Plan Fiduciary Net Position - Ending (b)	\$ 4,983,081	\$ 4,831,439	\$ 4,460,808	\$ 5,426,673	\$ 4,873,119	\$ 4,669,038	\$ 3,991,726	\$ 4,287,492	\$ 3,776,025	\$ 3,566,744
Net Pension Liability/(Asset) - Ending (a-b)	\$ 227,697	\$ 137,173	\$ 409,819	\$ (546,356)	\$ (82,242)	\$ 145,772	\$ 774,041	\$ 298,998	\$ 785,429	\$ 732,031
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.63%	97.24%	91.59%	111.20%	101.72%	96.97%	83.76%	93.48%	82.78%	82.97%
Covered Payroll	\$ 1,406,445	\$ 1,285,014	\$ 1,117,510	\$ 1,021,270	\$ 1,009,614	\$ 965,432	\$ 965,432	\$ 989,855	\$ 1,028,776	\$ 1,060,338
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	16.19%	10.67%	36.67%	-53.50%	-8.15%	15.10%	80.18%	30.21%	76.35%	69.04%

* The amounts presented for each fiscal year were determined as of the measurement date, which is December 31 of the immediately preceding fiscal year.

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

See accompanying notes to required supplementary information.

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

SCHEDULE OF AUTHORITY CONTRIBUTIONS
AND INVESTMENT RETURNS

Last 10 Fiscal Years¹

<u>Schedule of Contributions</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 124,955	\$ 117,748	\$ 151,273	\$ 131,214	\$ 100,178	\$ 90,690	\$ 88,165	\$ 77,251	\$ 105,814	\$ 86,673
Contributions in relation to the actuarially determined contribution	125,015	117,848	151,273	131,214	100,178	90,690	88,165	77,251	105,814	86,773
Contribution deficiency (excess)	\$ (60)	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (100)
Covered payroll	\$ 1,406,445	\$ 1,285,014	\$ 1,117,510	\$ 1,009,614	\$ 1,009,614	\$ 965,432	\$ 965,432	\$ 959,564	\$ 986,250	\$ 1,028,776
Contributions as a percentage of covered employee payroll	8.89%	9.17%	13.54%	13.00%	9.92%	9.39%	9.13%	8.05%	10.73%	8.43%
<u>Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	9.22%	10.98%	-12.80%	13.30%	13.80%	20.90%	-4.57%	17.84%	8.23%	-0.27%

¹ The amounts presented for each fiscal year were determined as of the fiscal year-end date.

See accompanying notes to required supplementary information.

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

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

Actuarial valuation date	1/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar based upon amortization periods in Act 205
Asset valuation method	Based upon municipal reserves
Actuarial assumptions:	
Investment rate of return	5.50%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.20%
Pre- and post-mortality	
assumptions:	Males: PUB-2010 General Employees male table Females: PUB-2010 General Employees female table Post Retirement - Males - RP2006 annuitant male table Post Retirement - Females - RP2006 annuitant female table
Retirement age	Range of ages from 55 to 75

HOUSING AUTHORITY OF THE COUNTY OF ERIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

Benefit Changes

The plan change effective January 1, 2025 increased the benefit accrual rate to 1.75% for service on or after January 1, 2025.

Changes in Actuarial Assumptions

Investment Return Assumption for municipal assets increased from 5.25% to 5.50% for the measurement date of December 31, 2024.

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

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

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2025	Description	Housing Choice Voucher 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Component Unit - Blended	Subtotal	Elimination	TOTAL
111	Cash - unrestricted	1,892,630	1,000,537	386,331	2,516	24,463	15,168	60,934	2,228,911	5,611,490	-	5,611,490
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	2,414,722	2,414,722	-	2,414,722
113	Cash - other restricted	137,436	-	-	-	-	-	-	-	137,436	-	137,436
114	Cash - tenant security deposits	-	7,686	3,314	-	-	-	957	28,413	40,370	-	40,370
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	2,030,066	1,008,223	389,645	2,516	24,463	15,168	61,891	4,672,046	8,204,018	-	8,204,018
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-	-	-	-
124	Account receivable - other government	-	-	-	3,766	122,573	35,986	-	-	162,325	-	162,325
125	Account receivable - miscellaneous	-	-	-	-	38,350	-	-	-	38,350	-	38,350
126	Accounts receivable - tenants	-	2,133	12,835	-	-	-	-	13,341	28,309	-	28,309
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	-	2,133	12,835	3,766	160,923	35,986	-	13,341	228,984	-	228,984
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	4,721	918	-	-	5,639	-	5,639
143	Inventories	-	-	-	-	59,202	-	-	-	59,202	-	59,202
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	3,766	-	-	-	-	-	-	3,766	(3,766)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	2,030,066	1,014,122	402,480	6,282	249,309	52,072	61,891	4,685,387	8,501,609	(3,766)	8,497,843
161	Land	-	-	26,016	-	-	-	46,100	359,361	431,477	-	431,477
162	Buildings	-	2,842,856	712,346	-	58,975	-	156,000	15,882,397	19,652,574	-	19,652,574
163	Furniture, equipment and machinery - dwellings	-	116,931	-	-	-	-	67,724	829,485	1,014,140	-	1,014,140
164	Furniture, equipment and machinery - administration	80,221	143,824	-	-	115,037	29,040	-	269,134	637,256	-	637,256
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(51,395)	(2,420,436)	(152,588)	-	(114,379)	(16,594)	(76,071)	(12,026,115)	(14,857,578)	-	(14,857,578)
167	Construction in progress	-	-	39,389	-	-	-	-	-	39,389	-	39,389
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	28,826	683,175	625,163	-	59,633	12,446	193,753	5,314,262	6,917,258	-	6,917,258
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	28,826	683,175	625,163	-	59,633	12,446	193,753	5,314,262	6,917,258	-	6,917,258
190	Total Assets	2,058,892	1,697,297	1,027,643	6,282	308,942	64,518	255,644	9,999,649	15,418,867	(3,766)	15,415,101
200	Deferred Outflow of Resources	92,326	22,302	10,179	-	102,094	39,752	-	45,966	312,619	-	312,619
290	Total Assets and Deferred Outflow of Resources	2,151,218	1,719,599	1,037,822	6,282	411,036	104,270	255,644	10,045,615	15,731,486	(3,766)	15,727,720

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2025	Description	Housing Choice Voucher 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Component Unit - Blended	Subtotal	Elimination	TOTAL
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-	-
312	Accounts payable <= 90 days	7,393	24,018	52,431	-	48,255	1,918	4,205	32,052	170,272	-	170,272
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	8,713	-	-	-	-	-	-	8,713	-	8,713
322	Accrued compensated absences - current portion	65,107	14,049	4,994	-	22,925	12,731	-	29,882	149,688	-	149,688
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	4,563	15,392	8	2,516	14,936	-	-	51,463	88,878	-	88,878
341	Tenant security deposits	-	7,686	3,314	-	-	-	957	28,413	40,370	-	40,370
342	Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	31,631	-	-	-	-	51,626	83,257	-	83,257
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	25	-	25	-	25
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	-	-	-	3,766	-	-	-	-	3,766	(3,766)	-
348	Loan liability - current	-	-	-	-	14,000	-	-	-	14,000	-	14,000
310	Total Current Liabilities	77,063	69,858	92,378	6,282	100,116	14,649	5,187	193,436	558,969	(3,766)	555,203
351	Capital Projects/ Mortgage Revenue Bonds	-	-	322,173	-	-	-	-	5,209,829	5,532,002	-	5,532,002
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	92,951	20,264	7,572	-	33,536	18,625	-	44,350	217,298	-	217,298
355	Loan liability - non-current	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	67,246	16,244	7,414	-	74,360	28,953	-	33,480	227,697	-	227,697
350	Total Non-Current Liabilities	160,197	36,508	337,159	-	107,896	47,578	-	5,287,659	5,976,997	-	5,976,997
300	Total Liabilities	237,260	106,366	429,537	6,282	208,012	62,227	5,187	5,481,095	6,535,966	(3,766)	6,532,200
400	Deferred Inflow of Resources	78,331	18,921	8,636	-	86,619	33,726	-	39,000	265,233	-	265,233
508.1	Net Investment in Capital Assets	28,826	683,175	271,359	-	59,633	12,446	193,753	52,807	1,301,999	-	1,301,999
511.1	Restricted Net Position	137,436	-	-	-	-	-	-	2,414,722	2,552,158	-	2,552,158
512.1	Unrestricted Net Position	1,669,365	911,137	328,290	-	56,772	(4,129)	56,704	2,057,991	5,076,130	-	5,076,130
513	Total Equity - Net Position	1,835,627	1,594,312	599,649	-	116,405	8,317	250,457	4,525,520	8,930,287	-	8,930,287
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	2,151,218	1,719,599	1,037,822	6,282	411,036	104,270	255,644	10,045,615	15,731,486	(3,766)	15,727,720

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2025	Description	Housing Choice Voucher 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Component Unit Blended	Subtotal	Elimination	TOTAL
70300	Net tenant rental revenue	-	268,276	32,801	-	-	-	24,519	757,814	1,083,410	-	1,083,410
70400	Tenant revenue - other	-	-	-	-	-	-	27,576	-	27,576	-	27,576
70500	Total Tenant Revenue	-	268,276	32,801	-	-	-	52,095	757,814	1,110,986	-	1,110,986
70600-010	Housing assistance payments	6,247,000	-	-	-	-	-	-	-	-	-	-
70600-020	Ongoing administrative fees earned	1,169,037	-	-	-	-	-	-	-	-	-	-
70600-030	Hard to house fee revenue	-	-	-	-	-	-	-	-	-	-	-
70600-060	All other fees	-	-	-	-	-	-	-	-	-	-	-
70600	HUD PHA operating grants	7,416,037	334,085	305,920	-	-	-	-	-	8,056,042	-	8,056,042
70610	Capital grants	-	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	51,544	579,913	503,666	-	1,049,211	2,184,334	(1,049,211)	1,135,123
71100	Investment income - unrestricted	38,761	10,393	7,678	-	-	-	35	62,426	119,293	-	119,293
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	30,428	-	-	-	-	-	-	-	30,428	-	30,428
71500	Other revenue	36,616	1,320	61,468	-	316,351	-	37	17,241	433,033	-	433,033
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	8,175	8,175	-	8,175
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	7,521,842	614,074	407,867	51,544	896,264	503,666	52,167	1,894,867	11,942,291	(1,049,211)	10,893,080
91100	Administrative salaries	599,079	116,140	25,499	31,889	408,197	136,938	318	80,391	1,398,451	-	1,398,451
91200	Auditing fees	20,475	945	945	1,575	3,150	1,575	-	18,460	47,125	-	47,125
91300	Management fee	-	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	240,128	46,405	9,621	-	-	-	170	33,209	329,533	-	329,533
91600	Office expenses	-	-	-	-	-	-	-	-	-	-	-
91700	Legal expense	3,972	891	2,152	-	-	-	35	10,259	17,309	-	17,309
91800	Travel	15,118	358	2,193	-	-	-	-	23,884	41,553	-	41,553
91810	Allocated Overhead	108,940	26,317	12,011	-	-	-	1,022	53,983	202,273	-	202,273
91900	Other	51,305	10,635	3,332	3,544	89,211	8,062	5,935	25,442	197,466	-	197,466
91000	Total Operating-Administrative	1,039,017	201,691	55,753	37,008	500,558	146,575	7,480	245,628	2,233,710	-	2,233,710
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-	-	-	540	540	-	540
92500	Total Tenant Services	-	-	-	-	-	-	-	540	540	-	540
93100	Water	-	25,506	24,930	-	-	-	-	55,074	105,510	-	105,510
93200	Electricity	-	62,059	15,110	-	-	-	-	98,965	176,134	-	176,134
93300	Gas	-	-	-	-	-	-	-	17,382	17,382	-	17,382
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	-	26,793	28,300	-	-	-	-	72,763	127,856	-	127,856
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	-	114,358	68,340	-	-	-	-	244,184	426,882	-	426,882
94100	Ordinary maintenance and operations - labor	-	29,232	47,390	-	269,631	157,692	4,982	224,720	733,647	-	733,647
94200	Ordinary maintenance and operations - materials and other	-	48,119	25,490	-	230,979	248,434	11	63,764	616,797	-	616,797
94300	Ordinary Maintenance and Operations Contracts	-	46,346	44,884	14,536	-	-	3,917	180,716	290,399	-	290,399
94500	Employee benefit contribution - ordinary maintenance	-	11,601	16,854	-	-	-	2,083	85,781	116,319	-	116,319
94000	Total Maintenance and Operations	-	135,298	134,618	14,536	500,610	406,126	10,993	554,981	1,757,162	-	1,757,162

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2025	Description	Housing Choice Voucher 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Component Unit Blended	Subtotal	Elimination	TOTAL
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-	-	-	-	-	-
96110	Property insurance	-	26,955	24,447	-	-	-	3,831	101,975	157,208	-	157,208
96120	Liability insurance	-	520	472	-	11,909	2,317	74	1,940	17,232	-	17,232
96130	Workmen's compensation	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	-	-	-	13,210	13,210	-	13,210
96100	Total Insurance Premiums	-	27,475	24,919	-	11,909	2,317	3,905	117,125	187,650	-	187,650
96200	Other general expenses	-	-	-	-	-	-	-	-	-	-	-
96210	Compensated absences	71,064	13,629	5,696	-	34,644	19,239	-	23,544	167,816	-	167,816
96300	Payments in lieu of taxes	-	16,335	-	-	-	-	-	51,364	67,699	-	67,699
96400	Bad debt - tenant rents	-	229	6,240	-	-	-	-	8,575	15,044	-	15,044
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	71,064	30,193	11,936	-	34,644	19,239	-	83,483	250,559	-	250,559
96710	Interest of mortgage (or bonds) payable	-	-	16,572	-	-	-	-	-	16,572	-	16,572
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-	-	320,454	320,454	-	320,454
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-
96700	Total Interest expense and amortization cost	-	-	16,572	-	-	-	-	320,454	337,026	-	337,026
96900	Total Operating Expenses	1,110,081	509,015	312,138	51,544	1,047,721	574,257	22,378	1,566,395	5,193,529	-	5,193,529
97000	Excess Revenue Over Operating Expenses	6,411,761	105,059	95,729	-	(151,457)	(70,591)	29,789	328,472	6,748,762	(1,049,211)	5,699,551
97100	Extraordinary maintenance	-	-	29,318	-	-	-	-	-	29,318	-	29,318
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-	-
97300-010	Mainstream 1 & 5 year	-	-	-	-	-	-	-	-	-	-	-
97300-020	Home-Ownership	-	-	-	-	-	-	-	-	-	-	-
97300-025	Litigation	-	-	-	-	-	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	-	-	-	-	-	-	-	-
97300-041	Portability Out	55,820	-	-	-	-	-	-	-	-	-	-
97300-045	FSS Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-
97300-049	All Other "Special" Vouchers (i.e., FUP, NED, etc.)	10,089	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	6,261,174	-	-	-	-	-	-	-	-	(1,049,211)	(1,049,211)
97300	Housing assistance payments	6,327,083	-	-	-	-	-	-	-	6,327,083	-	6,327,083
97350	HAP Portability-In	34,139	-	-	-	-	-	-	-	34,139	-	34,139
97400	Depreciation expense	11,460	65,886	23,290	-	7,528	4,149	10,184	480,415	602,912	-	602,912
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	7,482,763	574,901	364,746	51,544	1,055,249	578,406	32,562	2,046,810	12,186,981	(1,049,211)	11,137,770
10010	Operating transfer in	-	-	-	-	-	-	-	-	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers between programs and projects in	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers between programs and projects out	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	39,079	39,173	43,121	-	(158,985)	(74,740)	19,605	(151,943)	(244,690)	-	(244,690)

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2025	Description	Housing Choice Voucher 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Component Unit Blended	Subtotal	Elimination	TOTAL	
11020	Required Annual Debt Principal Payments	-	-	30,424	-	-	-	-	-	48,598	79,022	-	79,022
11030	Beginning equity	1,796,548	1,555,139	556,528	-	275,390	83,057	230,852	4,364,858	8,862,372	-	-	8,862,372
11040-010	Prior period adjustments - GASB 68 implementation	-	-	-	-	-	-	-	-	-	-	-	-
11040-020	Prior period adjustment - Payroll reimbursement	-	-	-	-	-	-	-	-	-	-	-	-
11040-030	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-040	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-050	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-060	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-070	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-080	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-090	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-100	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040-110	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	-	-	312,605	312,605	-	-	312,605
11170-001	Administrative Fee Equity - Beginning Balance	1,594,243	-	-	-	-	-	-	-	1,594,243	-	-	1,594,243
11170-010	Administrative Fee Revenue	1,169,037	-	-	-	-	-	-	-	1,169,037	-	-	1,169,037
11170-020	Hard to House Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-
11170-030	Audit Costs	-	-	-	-	-	-	-	-	-	-	-	-
11170-040	Investment Income	38,761	-	-	-	-	-	-	-	38,761	-	-	38,761
11170-045	Fraud Recovery Revenue	15,214	-	-	-	-	-	-	-	15,214	-	-	15,214
11170-050	Other Revenue	36,616	-	-	-	-	-	-	-	36,616	-	-	36,616
11170-051	Comment for Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-
11170-060	Total Admin Fee Revenues	1,259,628	-	-	-	-	-	-	-	1,259,628	-	-	1,259,628
11170-080	Total Operating Expenses	1,110,081	-	-	-	-	-	-	-	1,110,081	-	-	1,110,081
11170-090	Depreciation	11,460	-	-	-	-	-	-	-	11,460	-	-	11,460
11170-095	HAP port in	34,139	-	-	-	-	-	-	-	34,139	-	-	34,139
11170-100	Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
11170-101	Comment for Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
11170-110	Total Expenses	1,155,680	-	-	-	-	-	-	-	1,155,680	-	-	1,155,680
11170-002	Net Administrative Fee	103,948	-	-	-	-	-	-	-	103,948	-	-	103,948
11170-003	Administrative Fee Equity - Ending Balance	1,698,191	-	-	-	-	-	-	-	1,698,191	-	-	1,698,191
11170	Administrative Fee Equity	1,698,191	-	-	-	-	-	-	-	1,698,191	-	-	1,698,191
11180-001	Housing Assistance Payments Equity - Beginning Balance	202,305	-	-	-	-	-	-	-	202,305	-	-	202,305
11180-010	Housing Assistance Payments Revenue	6,247,000	-	-	-	-	-	-	-	6,247,000	-	-	6,247,000
11180-015	Fraud Recovery Revenue	15,214	-	-	-	-	-	-	-	15,214	-	-	15,214
11180-020	Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
11180-021	Comment for other revenue	-	-	-	-	-	-	-	-	-	-	-	-
11180-025	Investment Income	-	-	-	-	-	-	-	-	-	-	-	-
11180-030	Total HAP revenues	6,262,214	-	-	-	-	-	-	-	6,262,214	-	-	6,262,214
11180-080	Housing Assistance Payments	6,327,083	-	-	-	-	-	-	-	6,327,083	-	-	6,327,083
11180-090	Other expense	-	-	-	-	-	-	-	-	-	-	-	-
11180-091	Comment for other expense	-	-	-	-	-	-	-	-	-	-	-	-
11180-100	Total Housing Assistance Payments Expense	6,327,083	-	-	-	-	-	-	-	6,327,083	-	-	6,327,083
11180-002	Net Housing Assistance Payments	(64,869)	-	-	-	-	-	-	-	(64,869)	-	-	(64,869)
11180-003	Housing Assistance Payment Equity - Ending Balance	137,436	-	-	-	-	-	-	-	137,436	-	-	137,436
11180	Housing Assistance Payments Equity	137,436	-	-	-	-	-	-	-	137,436	-	-	137,436
11190	Unit Months Available	15,036	780	600	-	-	-	36	2,340	18,792	-	-	18,792
11210	Unit Months Leased	13,028	748	558	-	-	-	36	2,297	16,667	-	-	16,667
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Component Unit Blended	Eliminations	Total
Assets and Deferred Outflows of Resources									
Assets:									
Current assets:									
Cash - unrestricted	\$ 1,892,630	\$ 1,000,537	\$ 386,331	\$ 2,516	\$ 39,631	\$ 60,934	\$ 2,228,911	\$ -	\$ 5,611,490
Cash - restricted	137,436	-	-	-	-	-	2,414,722	-	2,552,158
Cash - tenant security deposits	-	7,686	3,314	-	-	957	28,413	-	40,370
Total cash	2,030,066	1,008,223	389,645	2,516	39,631	61,891	4,672,046	-	8,204,018
Accounts receivable - other government	-	-	-	3,766	158,559	-	-	-	162,325
Accounts receivable - miscellaneous	-	-	-	-	38,350	-	-	-	38,350
Accounts receivable - tenants	-	2,133	12,835	-	-	-	13,341	-	28,309
Inter-program - due from	-	3,766	-	-	-	-	-	(3,766)	-
Prepaid expenses and other assets	-	-	-	-	5,639	-	-	-	5,639
Inventories	-	-	-	-	59,202	-	-	-	59,202
Total current assets	2,030,066	1,014,122	402,480	6,282	301,381	61,891	4,685,387	(3,766)	8,497,843
Noncurrent assets:									
Capital assets, net	28,826	683,175	625,163	-	72,079	193,753	5,314,262	-	6,917,258
Total noncurrent assets	28,826	683,175	625,163	-	72,079	193,753	5,314,262	-	6,917,258
Total Assets	2,058,892	1,697,297	1,027,643	6,282	373,460	255,644	9,999,649	(3,766)	15,415,101
Deferred Outflows of Resources:									
Deferred outflows of resources for pension	92,326	22,302	10,179	-	141,846	-	45,966	-	312,619
Total Assets and Deferred Outflows of Resources	\$ 2,151,218	\$ 1,719,599	\$ 1,037,822	\$ 6,282	\$ 515,306	\$ 255,644	\$ 10,045,615	\$ (3,766)	\$ 15,727,720
Liabilities, Deferred Inflows of Resources, and Net Position									
Liabilities:									
Current liabilities:									
Accounts payable	\$ 7,393	\$ 24,018	\$ 52,431	\$ -	\$ 50,173	\$ 4,205	\$ 32,052	\$ -	\$ 170,272
Accrued wage and payroll taxes	-	8,713	-	-	-	-	-	-	8,713
Accrued compensated absences - current	65,107	14,049	4,994	-	35,656	-	29,882	-	149,688
Accounts payable - other government	4,563	15,392	8	2,516	14,936	-	51,463	-	88,878
Tenant security deposits	-	7,686	3,314	-	-	957	28,413	-	40,370
Inter-program - due to	-	-	-	3,766	-	-	-	(3,766)	-
Current portion of long-term debt	-	-	31,631	-	-	-	51,626	-	83,257
Loan liability - current	-	-	-	-	14,000	-	-	-	14,000
Other current liabilities	-	-	-	-	-	25	-	-	25
Total current liabilities	77,063	69,858	92,378	6,282	114,765	5,187	193,436	(3,766)	555,203
Noncurrent liabilities:									
Accrued compensated absences - non-current	92,951	20,264	7,572	-	52,161	-	44,350	-	217,298
Long-term debt, net of current portion	-	-	322,173	-	-	-	5,209,829	-	5,532,002
Net pension liability	67,246	16,244	7,414	-	103,313	-	33,480	-	227,697
Total noncurrent liabilities	160,197	36,508	337,159	-	155,474	-	5,287,659	-	5,976,997
Total Liabilities	237,260	106,366	429,537	6,282	270,239	5,187	5,481,095	(3,766)	6,532,200
Deferred Inflows of Resources:									
Deferred inflows of resources for pension	78,331	18,921	8,636	-	120,345	-	39,000	-	265,233
Net Position:									
Net investment in capital assets	28,826	683,175	271,359	-	72,079	193,753	52,807	-	1,301,999
Restricted	137,436	-	-	-	-	-	2,414,722	-	2,552,158
Unrestricted	1,669,365	911,137	328,290	-	52,643	56,704	2,057,991	-	5,076,130
Total Net Position	1,835,627	1,594,312	599,649	-	124,722	250,457	4,525,520	-	8,930,287
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,151,218	\$ 1,719,599	\$ 1,037,822	\$ 6,282	\$ 515,306	\$ 255,644	\$ 10,045,615	\$ (3,766)	\$ 15,727,720

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

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

YEAR ENDED DECEMBER 31, 2025

	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Component Unit Blended	Eliminations	Total
Operating Revenues:									
Net tenant revenue	\$ -	\$ 268,276	\$ 32,801	\$ -	\$ -	\$ 52,095	\$ 757,814	\$ -	\$ 1,110,986
HUD PHA operating grants	7,416,037	334,085	305,920	-	-	-	-	-	8,056,042
Other governmental grants	-	-	-	51,544	1,083,579	-	1,049,211	(1,049,211)	1,135,123
Other revenue	67,044	1,320	61,468	-	316,351	37	17,241	-	463,461
Total operating revenues	7,483,081	603,681	400,189	51,544	1,399,930	52,132	1,824,266	(1,049,211)	10,765,612
Operating Expenses:									
Housing assistance payments	6,361,222	-	-	-	-	-	-	(1,049,211)	5,312,011
Administrative	1,039,017	201,691	55,753	37,008	647,133	7,480	245,628	-	2,233,710
Tenant services	-	-	-	-	-	-	540	-	540
Utilities	-	114,358	68,340	-	-	-	244,184	-	426,882
Maintenance and operations	-	135,298	134,618	14,536	906,736	10,993	554,981	-	1,757,162
Insurance premiums	-	27,475	24,919	-	14,226	3,905	117,125	-	187,650
Other general expenses	71,064	30,193	11,936	-	53,883	-	83,483	-	250,559
Total operating expenses	7,471,303	509,015	295,566	51,544	1,621,978	22,378	1,245,941	(1,049,211)	10,168,514
Operating Income (Loss)	11,778	94,666	104,623	-	(222,048)	29,754	578,325	-	597,098
Non-Operating Revenues (Expenses):									
Gain (loss) on sale of capital assets	-	-	-	-	-	-	8,175	-	8,175
Investment income - unrestricted	38,761	10,393	7,678	-	-	35	62,426	-	119,293
Investment income - restricted	-	-	-	-	-	-	-	-	-
Interest expense	-	-	(16,572)	-	-	-	(320,454)	-	(337,026)
Depreciation expense	(11,460)	(65,886)	(23,290)	-	(11,677)	(10,184)	(480,415)	-	(602,912)
Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-
Extraordinary maintenance	-	-	(29,318)	-	-	-	-	-	(29,318)
Total non-operating revenues (expenses)	27,301	(55,493)	(61,502)	-	(11,677)	(10,149)	(730,268)	-	(841,788)
Transfer Between Programs	-	-	-	-	-	-	-	-	-
Change in Net Position	39,079	39,173	43,121	-	(233,725)	19,605	(151,943)	-	(244,690)
Net position - beginning of year, as previously reported	1,796,548	1,555,139	556,528	-	358,447	230,852	4,364,858	-	8,862,372
Correction of error	-	-	-	-	-	-	312,605	-	312,605
Net position - beginning of year, as restated	1,796,548	1,555,139	556,528	-	358,447	230,852	4,677,463	-	9,174,977
Net position - ending	\$ 1,835,627	\$ 1,594,312	\$ 599,649	\$ -	\$ 124,722	\$ 250,457	\$ 4,525,520	\$ -	\$ 8,930,287

**HOUSING AUTHORITY OF THE
COUNTY OF ERIE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's No.</u>	<u>Total Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	7,471,303	55,820
Total Housing Voucher Cluster			7,471,303	55,820
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	334,085	-
Section 8 Project-Based Cluster:				
Project Based Rental Assistance (PBRA)	14.195	N/A	305,920	-
Total Section 8 Project-Based Cluster			305,920	-
Passed through the Commonwealth of Pennsylvania Department of Community and Economic Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	C000082881	11,051	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	C000084346	24,000	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	C000088786	9,778	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	C000093243	6,715	-
Total Community Development Block Grants			51,544	-
Total U.S. Department of Housing and Urban Development			8,162,852	55,820
<u>U.S. Department of Health and Human Services:</u>				
Passed through the Commonwealth of Pennsylvania Department of Community and Economic Development:				
Low-Income Home Energy Assistance	93.568	C000073871	503,666	-
Total Low-Income Home Energy Assistance			503,666	-
<u>U.S. Department of Energy:</u>				
Passed through the Commonwealth of Pennsylvania Department of Community and Economic Development:				
Weatherization Assistance for Low-Income Persons	81.042	C000082833	579,913	-
Total Weatherization Assistance for Low-Income Persons			579,913	-
Total Expenditures of Federal Awards			\$ 9,246,431	\$ 55,820

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, 2025

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, 2025. 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.

Component Unit

The Authority's financial statements include operations of Erie County Rentals, Inc. (ECR), a non-profit organization, which reported \$5,310,053 on their schedule of federal awards for the year ended December 31, 2025 that are not included in the accompanying Schedule for the year ended December 31, 2025. The loan balance of ECR, Inc. is excluded because ECR completed a separate audit in accordance with Uniform Guidance.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The Authority has elected to not use the 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, 2025

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

	CDBG 2021 C000082881	CDBG 2022 C000084346	CDBG 2023 C000088786	CDBG 2024 C000093243
Due from DCED at December 31, 2024	\$ 851	\$ -	\$ 22,179	\$ -
Receipts	11,902	22,191	30,000	6,715
Disbursements	11,051	24,000	9,778	6,715
Due from DCED at December 31, 2025	\$ -	\$ 1,809	\$ 1,957	\$ -
	LIHEAP C000073871	Weatherization C000082833		
Due from DCED at December 31, 2024	\$ 26,876	\$ 38,192		
Receipts	555,853	604,865		
Disbursements	503,666	579,915		
Due from DCED at December 31, 2025	\$ (25,311)	\$ 13,242		

**Housing Authority of the
County of Erie**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated June 5, 2026.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mahe Duessel

Pittsburgh, Pennsylvania
June 5, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of Erie's (Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2025. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Authority's financial statements include operations of Erie County Rentals, Inc. (ECR) which expended \$5,310,053 in federal expenditures that are not included in the schedule of expenditures of federal awards for the year ended December 31, 2025. Our audit, described below, did not include the operations of ECR, because ECR completed a separate audit in accordance with Uniform Guidance.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

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

compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Maher Duessel

Pittsburgh, Pennsylvania
June 5, 2026

HOUSING AUTHORITY OF THE COUNTY OF ERIE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2025

I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

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

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

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

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

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

7. Major Programs:

ALN(s)

14.871

Name of Federal Program or Cluster

Housing Voucher Cluster: Section 8 Housing Choice Vouchers

8. Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

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, 2025

NO FINDINGS IN PRIOR YEAR