

# **Housing Authority of the County of Erie**

Single Audit

December 31, 2019

**MaherDuessel**

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# HOUSING AUTHORITY OF THE COUNTY OF ERIE

YEAR ENDED DECEMBER 31, 2019

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the County of Erie (Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules, combining statement of net position, and combining statement of revenues, expenses, and changes in net position are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Maher Duessel*

Pittsburgh, Pennsylvania  
July 20, 2020

Erie County Housing Authority  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
Required Supplemental Information

The following Management's Discussion and Analysis (MD&A) of the Erie County Housing Authority (Authority) is to provide an introduction to the basic financial statements for the fiscal year ended December 31, 2019 with selected comparative information for the fiscal year ended December 31, 2018. This MD&A has been prepared by management and should be read in conjunction with the financial statements, notes to financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

## **FINANCIAL HIGHLIGHTS**

1. The assets of the Authority exceeded its liabilities at the close of fiscal year 2019 by \$5,677,122 (net position). Of this amount, \$1,907,985 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. Fixed assets decreased by \$84,476 primarily from accumulated depreciation.
3. Net position increased by \$228,074 for the fiscal year ended December 31, 2019 due mainly to an increase in operating revenues.
4. Operating revenues increased \$159,950 due to increases in funding.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **AUTHORITY ACTIVITY HIGHLIGHTS**

### Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended December 31, 2019 and 2018.

Erie County Housing Authority  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
Required Supplemental Information

	2019	2018
Operating revenues	\$ 7,730,279	\$ 7,570,329
Operating expenses	7,287,478	7,002,255
<b>Operating Income</b>	<b>442,801</b>	<b>568,074</b>
Non-Operating Revenue & Expenses, net	( 402,206)	( 386,788)
Capital Contributions	187,479	113,685
<b>Change in net position</b>	<b>228,074</b>	<b>294,971</b>
Total Net Position – Beginning of year	5,449,048	5,154,077
Prior period adjustments/transfers	-	-
<b>Total Net Position – End of year</b>	<b>\$ 5,677,122</b>	<b>\$ 5,449,048</b>

Operating revenues increased by \$159,950 due to increases in funding. Operating expenses increased by \$285,223 primarily due to increased Housing Assistance Payments and increased Maintenance Expenses.

#### Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended December 31, 2019 and 2018:

	2019	2018
Owned by Authority	195	195
Units under vouchers	1,054	1,054
Other vouchers	118	118
<b>Total Housing Units Managed</b>	<b>1,367</b>	<b>1,367</b>

The Section 8 Voucher lease up rate averaged 82 percent during the fiscal year ended December 31, 2019. It is anticipated that the program lease-up will increase slightly during fiscal year 2020.

#### **NET POSITION**

Total net position increased from the previous year by \$228,074. The largest component of net position is *net investment in capital assets*. The following table shows how this amount is calculated for the fiscal years ended December 31, 2019 and 2018:

	2019	2018
Capital Assets	\$16,386,604	\$16,071,879
Less capital related debt	( 564,698)	( 630,695)
Less accumulated depreciation	<b>( 12,140,682)</b>	<b>( 11,741,481)</b>
Construction in progress	24,061	24,061
<b>Total Net Investment In Capital Assets</b>	<b>\$ 3,705,285</b>	<b>\$ 3,723,764</b>



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
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## FIXED ASSETS

Fixed Assets is the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2019 and 2018:

	2019	2018
Land	\$ 431,477	\$ 431,477
Building and Improvements	14,704,101	14,429,552
Furniture and equipment – dwellings	737,789	737,789
Furniture and equipment – administration	513,237	473,061
<b>Total</b>	<b>\$ 16,386,604</b>	<b>\$ 16,071,879</b>
Less: accumulated depreciation	( 12,140,682)	( 11,741,481)
Construction in progress	24,061	24,061
<b>Fixed assets, net</b>	<b>\$ 4,269,983</b>	<b>\$ 4,354,459</b>

## FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets plus total deferred outflows less total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net position at December 31, 2019 and 2018:

	2019	2018
Assets		
Current assets	\$ 2,740,128	\$ 2,425,335
Fixed assets	4,269,983	4,354,459
<b>Total assets</b>	<b>\$ 7,010,111</b>	<b>\$ 6,779,794</b>
<b>Deferred Outflows - Pension</b>	<b>\$ 373,205</b>	<b>\$ 301,391</b>
Liabilities		
Current liabilities	\$ 294,478	\$ 283,632
Long-term liabilities	1,383,493	968,527
<b>Total liabilities</b>	<b>\$ 1,677,971</b>	<b>\$ 1,252,159</b>
<b>Deferred Inflows -Pension</b>	<b>\$ 28,223</b>	<b>\$ 379,978</b>
Net position		
Net investment in capital assets	\$ 3,705,285	\$ 3,723,764
Restricted	63,852	59,158
Unrestricted	1,907,985	1,666,126
<b>Total net position</b>	<b>\$ 5,667,122</b>	<b>\$ 5,449,048</b>

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

Erie County Housing Authority  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Required Supplemental Information

**DEBT ADMINISTRATION**

The Authority has a line of credit with a local bank in the amount of \$175,000. The outstanding balance of that line was \$0 at December 31, 2019.

A second line of credit is used to fund operating and repair expenses related to the three new rental properties received by Stairways Behavioral Health in the amount of \$30,000. The outstanding balance of the Line of Credit was \$20,000 at December 31, 2019.

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 \$564,698 at December 31, 2019.

**ECONOMIC FACTORS**

According to the most current information available from U.S. Department of Housing and Urban Development, the Public Housing operating subsidy and capital fund amounts are expected to stay the same in 2020. Section 8 administrative fees are also expected to remain the same. We will continue to monitor these funds and take corrective actions if there is any sign of shortfall.

**REQUESTS FOR INFORMATION**

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## STATEMENT OF NET POSITION

DECEMBER 31, 2019

<b>Assets and Deferred Outflows of Resources</b>	
<b>Assets:</b>	
Current assets:	
Cash - unrestricted	\$ 2,392,356
Cash - restricted	63,852
Cash - tenant security deposits	32,502
Total cash	2,488,710
Accounts receivable - other governments	111,608
Accounts receivable - miscellaneous	70,435
Accounts receivable - tenants	9,724
Prepaid expenses and other assets	11,491
Inventories	48,160
Total current assets	2,740,128
Noncurrent assets:	
Capital assets, non-depreciable	455,538
Capital assets, depreciable net of accumulated depreciation	3,814,445
Total noncurrent assets	4,269,983
Total Assets	7,010,111
<b>Deferred Outflows of Resources:</b>	
Deferred outflows of resources for pension	373,205
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,383,316</b>

(Continued)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## STATEMENT OF NET POSITION

DECEMBER 31, 2019

(Continued)

<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	\$ 97,152
Accrued wages and payroll taxes	4,322
Accrued compensated absences - current	55,465
Accounts payable - other government	57,518
Tenant security deposits	32,502
Current portion of long-term debt	47,519
	<hr/>
Total current liabilities	294,478
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Noncurrent liabilities:	
Accrued compensated absences - non-current	72,273
Long-term debt, net of current portion	537,179
Net pension liability	774,041
	<hr/>
Total noncurrent liabilities	1,383,493
	<hr/>
Total Liabilities	1,677,971
	<hr/>
<b>Deferred Inflows of Resources:</b>	
Deferred inflows of resources for pension	28,223
	<hr/>
<b>Net Position:</b>	
Net investment in capital assets	3,705,285
Restricted	63,852
Unrestricted	1,907,985
	<hr/>
Total Net Position	5,677,122
	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	 \$ 7,383,316
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(Concluded)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

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

YEAR ENDED DECEMBER 31, 2019

### **Operating Revenues:**

Net tenant revenue	\$ 866,625
HUD PHA operating grants	5,514,787
Other governmental grants	727,894
Other revenue	<u>620,973</u>
Total operating revenues	<u>7,730,279</u>

### **Operating Expenses:**

Housing assistance payments	3,976,343
Administrative	1,312,682
Tenant services	3,290
Utilities	301,162
Maintenance and operations	1,473,122
Insurance premiums	101,706
Other general expenses	<u>119,173</u>
Total operating expenses	<u>7,287,478</u>

### **Operating Income (Loss)**

442,801

### **Non-Operating Revenues (Expenses):**

Investment income - unrestricted	16,060
Investment income - restricted	116
Interest expense	(19,181)
Depreciation expense	<u>(399,201)</u>
Total non-operating revenues (expenses)	<u>(402,206)</u>

### **Capital Contributions:**

HUD capital grants	<u>187,479</u>
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### **Change in Net Position**

228,074

Net position - beginning	<u>5,449,048</u>
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Net position - ending	<u><u>\$ 5,677,122</u></u>
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See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

### **Cash Flows From Operating Activities:**

Operating grants received	\$ 6,201,629
Receipts from tenants	869,282
Other receipts	589,983
Payments to vendors for goods and services	(1,635,666)
Payments to employees and professionals	(1,593,735)
Housing assistance payments	(3,976,343)
	<hr/>
Net cash provided by (used in) operating activities	455,150

### **Cash Flows From Capital and Related Financing Activities:**

HUD capital grants	187,479
Proceeds from lines of credit	4,000
Interest paid on long-term debt and lines of credit	(19,181)
Principal paid on lines of credit	(6,000)
Principal paid on long-term debt	(65,997)
Purchases and construction of capital assets	(314,725)
	<hr/>
Net cash provided by (used in) capital and related financing activities	(214,424)

### **Cash Flows From Investing Activities:**

Interest income	16,176
	<hr/>

<b>Net Increase (Decrease) in Cash</b>	256,902
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### **Cash:**

Beginning of year	2,231,808
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End of year	\$ 2,488,710
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(Continued)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

(Continued)

### Reconciliation of Operating Income (Loss) to Net Cash

#### Provided by (Used in) Operating Activities:

Operating income (loss)	\$ 442,801
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
Accounts receivable	(64,941)
Prepaid expenses and other assets	(1,087)
Inventories	8,137
Deferred outflows of resources for pension	(71,814)
Accounts payable	16,299
Accrued payroll and related taxes	(5,178)
Accrued compensated absences	8,206
Tenant security deposits	(561)
Net pension liability	475,043
Deferred inflows of resources for pension	(351,755)
Total adjustments	12,349
Net cash provided by (used in) operating activities	\$ 455,150

(Concluded)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

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

#### Basis of Accounting

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

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

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

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



# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

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

### Operating Revenues and Expenses

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Budgets

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

### Statement of Cash Flows

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

### Accounts Receivable

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

### Prepaid Expenses

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

### Inventories

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

### Capital Assets

All assets that exceed the Authority's capitalization policy threshold of \$5,000 are stated at cost and include improvements that extend the physical or economic life of the asset. Hard modernization costs, the purchase of capital assets, and the major construction or improvements to public housing property, are capitalized. Soft modernization costs, which

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

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

### Compensated Absences

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

### Use of Estimates

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

### Classifications of Net Position

The following are the three categories of net position:

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- Restricted – This component of net position consists of constraints placed on use of assets through external restrictions. Restricted net position for the year ended December 31, 2019 consisted of Section 8 Housing Choice Voucher funds that must be used for activities related to the provision of tenant-based rental assistance.
- Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

### Use of Restricted and Unrestricted Resources

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

### Deferred Outflows/Inflows of Resources

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Adopted Pronouncement

The requirements of the following Governmental Accounting Standards Board (GASB) Statement was adopted for the financial statements:

GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*," to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have been adopted and incorporated into these financial statements.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), 91 (Conduit Debt Obligations), and 92 (Omnibus 2020). Management has not yet determined the impact of these statements on the financial statements.

## **2. Cash**

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

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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As of December 31, 2019, \$643,957 of the Authority's \$2,569,295 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had a carrying amount of \$2,488,710 as of December 31, 2019.

### Restricted Cash

Cash was restricted at December 31, 2019 for the following purpose:

Section 8 Housing Choice Vouchers Program	\$	63,852
Tenant security deposits		32,502
Total	\$	<u>96,354</u>

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

### 3. Capital Assets

A summary of changes in capital assets during 2019 is as follows:

	December 31, 2018	Increases	Decreases	December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 431,477	\$ -	\$ -	\$ 431,477
Construction in progress	24,061	-	-	24,061
Total capital assets not being depreciated	455,538	-	-	455,538
Capital assets being depreciated:				
Buildings	14,429,552	274,549	-	14,704,101
Furniture, equipment, and machinery - dwellings	737,789	-	-	737,789
Furniture, equipment, and machinery - administration	473,061	40,176	-	513,237
Total capital assets, being depreciated	15,640,402	314,725	-	15,955,127
Less accumulated depreciation	(11,741,481)	(399,201)	-	(12,140,682)
Total capital assets being depreciated, net	3,898,921	(84,476)	-	3,814,445
Total capital assets	\$ 4,354,459	\$ (84,476)	\$ -	\$ 4,269,983

### 4. Long-Term Liabilities

#### Mortgage Payable

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

Year Ending December 31,	Principal	Interest	Total
2020	\$ 27,519	\$ 19,037	\$ 46,556
2021	28,408	18,148	46,556
2022	29,269	17,287	46,556
2023	28,148	21,406	49,554
2024	29,207	20,347	49,554
2025-2029	164,631	83,136	247,767
2030-2034	200,003	47,762	247,765
2035-2037	57,513	8,582	66,095
Total long-term debt	<u>\$ 564,698</u>	<u>\$ 235,705</u>	<u>\$ 800,403</u>

The schedule of changes in long-term liability activity for the year ended December 31, 2019 is presented below:

	Balance at December 31, 2018	Additions	Deletions	Balance at December 31, 2019	Due Within One Year
Mortgage payable	\$ 630,695	\$ -	\$ (65,997)	\$ 564,698	\$ 27,519
Compensated absences	119,532	8,206	-	127,738	55,465
	<u>\$ 750,227</u>	<u>\$ 8,206</u>	<u>\$ (65,997)</u>	<u>\$ 692,436</u>	<u>\$ 82,984</u>

### 5. Lines of Credit

The Authority maintains a line of credit of \$175,000 with a local bank to provide short-term working capital. The line is renewed annually. The interest rate on borrowed funds is the Prime Rate plus 0.5% times 68%. As of December 31, 2019, the rate on the line was 3.57% and there was no outstanding balance.

The Authority maintains another \$30,000 line of credit with a local bank to provide short-term working capital. The line is renewed annually. The interest rate on borrowed funds is



# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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the Prime Rate plus 0.5%. As of December 31, 2019, the rate on the line was 5.25% and there was a \$20,000 outstanding balance. The Authority intends to repay the outstanding balance in 2020; as such, the entire balance is classified as a current liability. In the event of default lenders have the right to receive the collateralized property.

### 6. Deferred Compensation Plan

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

The plan is available to all full-time employees of the Authority. As part of its fiduciary role, the Authority has an obligation of due care in selecting the third-party administrator. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Participation in the plan is voluntary, and the Authority does not contribute to the plan. During 2019, employees of the Authority contributed \$7,745 to the plan.

### 7. Pension Plan

#### Plan Description

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

Per the latest available demographic information, December 31, 2018, employee membership data related to the Plan was as follows:

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

### 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, 2019, the Authority contributed the funds necessary to meet the MMO for the Plan in the amount of \$88,165.

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

### Changes in the Net Pension Liability

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

Actuarial assumptions:

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

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

Pre-retirement mortality:

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

Post-retirement mortality:

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

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

1% Decrease 4.25	Current Discount Rate 5.25%	1% Increase 6.25%
<u>\$</u>	<u>\$</u>	<u>\$</u>
1,300,095	774,041	329,378

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

For the year ended December 31, 2019, the Authority recognized pension expense of \$51,474. At December 31, 2019, 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	\$ 212,468	\$ -
Pension contributions subsequent to measurement date	88,165	-
Change in assumptions	72,572	-
Net difference between projected and actual earnings on pension plan investments	-	28,223
Total	<u>\$ 373,205</u>	<u>\$ 28,223</u>

\$88,165 reported as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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<u>Year Ending December 31,</u>	
2019	\$ 80,313
2020	39,864
2021	41,717
2022	<u>94,923</u>
	<u>\$ 256,817</u>

### 8. Risk Management

The Authority faces exposure to various forms of risk of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, as well as medical benefits provided to employees. It carries commercial insurance coverage for risks to the extent as deemed prudent by the Authority's management. Settled claims relating to the commercial insurance have not exceeded the insurance coverage in the past three fiscal years.

### 9. Commitments and Contingencies

The Authority is economically dependent on receiving operating subsidies and grant funding from HUD. The Authority's ability to maintain or improve operations would be severely impacted by a material reduction in HUD funds. Reductions in operating subsidies could occur in calendar year 2020, but any such reductions are not currently expected to have an immediate material adverse impact to the Authority.

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

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### **10. Subsequent Events**

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



**REQUIRED SUPPLEMENTARY  
INFORMATION**

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31\*

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

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

See accompanying notes to required supplementary information.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## SCHEDULE OF AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31<sup>1</sup>

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

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

See accompanying notes to required supplementary information.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

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### Actuarial Methods and Assumptions Used in Determining the Contribution Rate

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

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar based upon amortization periods
Asset valuation method	Based upon municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	3.00%
Pre- and post-mortality assumptions:	Males - RP 2000 with 1 year set back Females - RP 2000 with 5 year set back Post Mortality - Sex distinct RP-2000 Combined Health Mortality
Retirement age	Age 60; for employees over age 60, immediate retirement is assumed

### Benefit Changes

No benefit terms were modified.

### Changes in Actuarial Assumptions

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

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## **SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE  
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2019	Description	Low Rent/CFP 14.850/14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
111	Cash - unrestricted	693,105	678,420	762,507	167,264	2,499	87,394	-	1,167	2,392,356	-	2,392,356
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	63,852	-	-	-	-	-	-	63,852	-	63,852
114	Cash - tenant security deposits	20,974	-	7,544	3,394	-	-	-	590	32,502	-	32,502
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
100	<b>Total Cash</b>	<b>714,079</b>	<b>742,272</b>	<b>770,051</b>	<b>170,658</b>	<b>2,499</b>	<b>87,394</b>	<b>-</b>	<b>1,757</b>	<b>2,488,710</b>	<b>-</b>	<b>2,488,710</b>
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-	-	-	-
124	Account receivable - other government	-	-	-	-	8,737	34,885	67,986	-	111,608	-	111,608
125	Account receivable - miscellaneous	-	-	-	-	-	70,435	-	-	70,435	-	70,435
126	Accounts receivable - tenants	6,336	-	1,379	2,009	-	-	-	-	9,724	-	9,724
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	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>6,336</b>	<b>-</b>	<b>1,379</b>	<b>2,009</b>	<b>8,737</b>	<b>105,320</b>	<b>67,986</b>	<b>-</b>	<b>191,767</b>	<b>-</b>	<b>191,767</b>
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	5,045	858	1,169	1,470	-	2,298	499	152	11,491	-	11,491
143	Inventories	-	-	-	-	-	48,160	-	-	48,160	-	48,160
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	116,161	-	-	3,814	12,157	-	132,132	(132,132)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
150	<b>Total Current Assets</b>	<b>725,460</b>	<b>743,130</b>	<b>888,760</b>	<b>174,137</b>	<b>11,236</b>	<b>246,986</b>	<b>80,642</b>	<b>1,909</b>	<b>2,872,260</b>	<b>(132,132)</b>	<b>2,740,128</b>
161	Land	359,361	-	-	26,016	-	-	-	46,100	431,477	-	431,477
162	Buildings	11,615,374	-	2,234,713	639,039	-	58,975	-	156,000	14,704,101	-	14,704,101
163	Furniture, equipment and machinery - dwellings	634,032	-	103,757	-	-	-	-	-	737,789	-	737,789
164	Furniture, equipment and machinery - administration	154,068	24,101	169,792	-	-	165,276	-	-	513,237	-	513,237
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(9,696,667)	(15,494)	(2,214,196)	(34,156)	-	(170,701)	-	(9,468)	(12,140,682)	-	(12,140,682)
167	Construction in progress	-	-	24,061	-	-	-	-	-	24,061	-	24,061
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>3,066,168</b>	<b>8,607</b>	<b>318,127</b>	<b>630,899</b>	<b>-</b>	<b>53,550</b>	<b>-</b>	<b>192,632</b>	<b>4,269,983</b>	<b>-</b>	<b>4,269,983</b>
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	<b>Total Non-current Assets</b>	<b>3,066,168</b>	<b>8,607</b>	<b>318,127</b>	<b>630,899</b>	<b>-</b>	<b>53,550</b>	<b>-</b>	<b>192,632</b>	<b>4,269,983</b>	<b>-</b>	<b>4,269,983</b>
190	<b>Total Assets</b>	<b>3,791,628</b>	<b>751,737</b>	<b>1,206,887</b>	<b>805,036</b>	<b>11,236</b>	<b>300,536</b>	<b>80,642</b>	<b>194,541</b>	<b>7,142,243</b>	<b>(132,132)</b>	<b>7,010,111</b>
200	<b>Deferred Outflow of Resources</b>	<b>94,932</b>	<b>86,045</b>	<b>37,874</b>	<b>9,847</b>	<b>-</b>	<b>105,935</b>	<b>38,572</b>	<b>-</b>	<b>373,205</b>	<b>-</b>	<b>373,205</b>
290	<b>Total Assets and Deferred Outflow of Resources</b>	<b>3,886,560</b>	<b>837,782</b>	<b>1,244,761</b>	<b>814,883</b>	<b>11,236</b>	<b>406,471</b>	<b>119,214</b>	<b>194,541</b>	<b>7,515,448</b>	<b>(132,132)</b>	<b>7,383,316</b>

**HOUSING AUTHORITY OF THE  
COUNTY OF ERIE**

FINANCIAL DATA SCHEDULES

2019	Description	Low Rent/CFP 14.850/14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-	-
312	Accounts payable <= 90 days	15,272	1,533	9,698	10,066	6,405	19,051	34,838	289	97,152	-	97,152
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	4,322	-	-	-	-	-	4,322	-	4,322
322	Accrued compensated absences - current portion	18,162	20,787	8,026	2,296	-	3,344	2,850	-	55,465	-	55,465
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	40,081	2,013	12,924	-	2,500	-	-	-	57,518	-	57,518
341	Tenant security deposits	20,974	-	7,544	3,394	-	-	-	590	32,502	-	32,502
342	Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	27,519	-	-	-	-	27,519	-	27,519
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	39,291	40,326	-	4,747	2,331	39,945	5,238	254	132,132	(132,132)	-
348	Loan liability - current	-	-	-	-	-	-	-	20,000	20,000	-	20,000
310	<b>Total Current Liabilities</b>	<b>133,780</b>	<b>64,659</b>	<b>42,514</b>	<b>48,022</b>	<b>11,236</b>	<b>62,340</b>	<b>42,926</b>	<b>21,133</b>	<b>426,610</b>	<b>(132,132)</b>	<b>294,478</b>
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	537,179	-	-	-	-	537,179	-	537,179
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	23,665	27,088	10,458	2,992	-	4,358	3,712	-	72,273	-	72,273
355	Loan liability-- non-current	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	196,893	178,460	78,552	20,424	-	219,713	79,999	-	774,041	-	774,041
350	<b>Total Non-Current Liabilities</b>	<b>220,558</b>	<b>205,548</b>	<b>89,010</b>	<b>560,595</b>	<b>-</b>	<b>224,071</b>	<b>83,711</b>	<b>-</b>	<b>1,383,493</b>	<b>-</b>	<b>1,383,493</b>
300	<b>Total Liabilities</b>	<b>354,338</b>	<b>270,207</b>	<b>131,524</b>	<b>608,617</b>	<b>11,236</b>	<b>286,411</b>	<b>126,637</b>	<b>21,133</b>	<b>1,810,103</b>	<b>(132,132)</b>	<b>1,677,971</b>
400	<b>Deferred Inflow of Resources</b>	<b>7,179</b>	<b>6,507</b>	<b>2,864</b>	<b>745</b>	<b>-</b>	<b>8,011</b>	<b>2,917</b>	<b>-</b>	<b>28,223</b>	<b>-</b>	<b>28,223</b>
508.1	Net Investment in Capital Assets	3,066,168	8,607	318,127	66,201	-	53,550	-	192,632	3,705,285	-	3,705,285
511.1	Restricted Net Position	-	63,852	-	-	-	-	-	-	63,852	-	63,852
512.1	Unrestricted Net Position	458,875	488,609	792,246	139,320	-	58,499	(10,340)	(19,224)	1,907,985	-	1,907,985
513	<b>Total Equity - Net Position</b>	<b>3,525,043</b>	<b>561,068</b>	<b>1,110,373</b>	<b>205,521</b>	<b>-</b>	<b>112,049</b>	<b>(10,340)</b>	<b>173,408</b>	<b>5,677,122</b>	<b>-</b>	<b>5,677,122</b>
600	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net Position</b>	<b>3,886,560</b>	<b>837,782</b>	<b>1,244,761</b>	<b>814,883</b>	<b>11,236</b>	<b>406,471</b>	<b>119,214</b>	<b>194,541</b>	<b>7,515,448</b>	<b>(132,132)</b>	<b>7,383,316</b>

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

2019	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
70300	Net tenant rental revenue	569,749	-	-	218,178	23,200	-	-	-	19,095	830,222	-	830,222
70400	Tenant revenue - other	8,643	-	-	19,843	7,917	-	-	-	-	36,403	-	36,403
70500	<b>Total Tenant Revenue</b>	<b>578,392</b>	-	-	<b>238,021</b>	<b>31,117</b>	-	-	-	<b>19,095</b>	<b>866,625</b>	-	<b>866,625</b>
70600-010	Housing assistance payments			3,938,029							-	-	-
70600-020	Ongoing administrative fees earned			627,023							-	-	-
70600-030	Hard to house fee revenue			-							-	-	-
70600-060	All other fees			-							-	-	-
70600	HUD PHA operating grants	389,546	20,000	4,565,052	272,715	267,474	-	-	-	-	5,514,787	-	5,514,787
70610	Capital grants	-	187,479	-	-	-	-	-	-	-	187,479	-	187,479
70800	Other government grants	-	-	-	-	-	232,194	234,222	261,478	-	727,894	-	727,894
71100	Investment income - unrestricted	2,357	-	8,887	3,523	1,293	-	-	-	-	16,060	-	16,060
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	54,470	-	-	-	-	-	-	54,470	-	54,470
71500	Other revenue	11,399	-	20,567	35	2,963	-	531,539	-	-	566,503	-	566,503
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	116	-	-	-	-	-	-	-	-	116	-	116
72000	<b>Total Revenue</b>	<b>981,810</b>	<b>207,479</b>	<b>4,648,976</b>	<b>514,294</b>	<b>302,847</b>	<b>232,194</b>	<b>765,761</b>	<b>261,478</b>	<b>19,095</b>	<b>7,933,934</b>	-	<b>7,933,934</b>
91100	Administrative salaries	91,552	11,000	289,131	117,093	15,856	26,073	228,388	56,870	754	836,717	-	836,717
91200	Auditing fees	2,605	-	20,310	1,234	1,092	951	958	1,150	-	28,300	-	28,300
91300	Management fee	-	-	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	30,632	9,000	121,059	41,633	6,605	-	-	-	291	209,220	-	209,220
91600	Office expenses	-	-	-	-	-	-	-	-	-	-	-	-
91700	Legal expense	1,081	-	1,272	2,101	123	-	-	-	138	4,715	-	4,715
91800	Travel	11,158	-	4,283	1,710	-	-	-	-	-	17,151	-	17,151
91810	Allocated Overhead	43,383	-	44,525	18,642	5,241	-	-	-	281	112,072	-	112,072
91900	Other	21,700	-	25,150	9,150	1,246	2,775	37,827	6,014	645	104,507	-	104,507
91000	<b>Total Operating-Administrative</b>	<b>202,111</b>	<b>20,000</b>	<b>505,730</b>	<b>191,563</b>	<b>30,163</b>	<b>29,799</b>	<b>267,173</b>	<b>64,034</b>	<b>2,109</b>	<b>1,312,682</b>	-	<b>1,312,682</b>
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	3,290	-	-	-	-	-	-	-	-	3,290	-	3,290
92500	<b>Total Tenant Services</b>	<b>3,290</b>	-	-	-	-	-	-	-	-	<b>3,290</b>	-	<b>3,290</b>
93100	Water	34,332	-	-	21,021	8,961	-	-	-	231	64,545	-	64,545
93200	Electricity	63,481	-	-	42,904	9,197	-	-	-	1,615	117,197	-	117,197
93300	Gas	16,971	-	-	-	-	-	-	-	940	17,911	-	17,911
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	57,902	-	-	26,793	16,362	-	-	-	452	101,509	-	101,509
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-
93000	<b>Total Utilities</b>	<b>172,686</b>	-	-	<b>90,718</b>	<b>34,520</b>	-	-	-	<b>3,238</b>	<b>301,162</b>	-	<b>301,162</b>
94100	Ordinary maintenance and operations - labor	204,885	-	-	26,011	18,822	-	134,415	72,100	1,222	457,455	-	457,455
94200	Ordinary maintenance and operations - materials and other	51,359	-	-	21,079	14,757	-	341,742	121,869	332	551,138	-	551,138
94300	Ordinary Maintenance and Operations Contracts	119,584	-	-	27,162	19,651	202,395	-	-	247	369,039	-	369,039
94500	Employee benefit contribution - ordinary maintenance	78,321	-	-	9,052	7,645	-	-	-	472	95,490	-	95,490
94000	<b>Total Maintenance and Operations</b>	<b>454,149</b>	-	-	<b>83,304</b>	<b>60,875</b>	<b>202,395</b>	<b>476,157</b>	<b>193,969</b>	<b>2,273</b>	<b>1,473,122</b>	-	<b>1,473,122</b>



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

2019	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-	-
95000	<b>Total Protective Services</b>	-	-	-	-	-	-	-	-	-	-	-	-
96110	Property insurance	58,207	-	-	13,210	16,787	-	-	-	1,730	89,934	-	89,934
96120	Liability insurance	2,316	-	-	532	677	-	6,358	1,820	69	11,772	-	11,772
96130	Workmen's compensation	-	-	-	-	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	-	-	-	-	-	-	-	-
96100	<b>Total Insurance Premiums</b>	<b>60,523</b>	-	-	<b>13,742</b>	<b>17,464</b>	-	<b>6,358</b>	<b>1,820</b>	<b>1,799</b>	<b>101,706</b>	-	<b>101,706</b>
96200	Other general expenses	-	-	-	-	2,580	-	4,083	3,478	-	10,141	-	10,141
96210	Compensated absences	18,224	-	21,350	9,331	450	-	-	-	-	49,355	-	49,355
96300	Payments in lieu of taxes	39,706	-	-	12,746	1,068	-	-	-	-	53,520	-	53,520
96400	Bad debt - tenant rents	5,858	-	-	299	-	-	-	-	-	6,157	-	6,157
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-
96000	<b>Total Other General Expenses</b>	<b>63,788</b>	-	<b>21,350</b>	<b>22,376</b>	<b>4,098</b>	-	<b>4,083</b>	<b>3,478</b>	-	<b>119,173</b>	-	<b>119,173</b>
96710	Interest of mortgage (or bonds) payable	-	-	-	-	18,004	-	-	-	1,177	19,181	-	19,181
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-
96700	<b>Total Interest expense and amortization cost</b>	-	-	-	-	<b>18,004</b>	-	-	-	<b>1,177</b>	<b>19,181</b>	-	<b>19,181</b>
96900	<b>Total Operating Expenses</b>	<b>956,547</b>	<b>20,000</b>	<b>527,080</b>	<b>401,703</b>	<b>165,124</b>	<b>232,194</b>	<b>753,771</b>	<b>263,301</b>	<b>10,596</b>	<b>3,330,316</b>	-	<b>3,330,316</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>25,263</b>	<b>187,479</b>	<b>4,121,896</b>	<b>112,591</b>	<b>137,723</b>	-	<b>11,990</b>	<b>(1,823)</b>	<b>8,499</b>	<b>4,603,618</b>	-	<b>4,603,618</b>
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-
97300-010	Mainstream 1 & 5 year	-	-	-	-	-	-	-	-	-	-	-	-
97300-020	Home-Ownership	-	-	-	-	-	-	-	-	-	-	-	-
97300-025	Litigation	-	-	-	-	-	-	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-	-	-	-	-	-	-
97300-035	Moving to Work	-	-	-	-	-	-	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	-	-	-	-	-	-	-	-	-
97300-041	Portability Out	-	-	9,719	-	-	-	-	-	-	-	-	-
97300-045	FSS Escrow Deposits	-	-	-	-	-	-	-	-	-	-	-	-
97300-050	All Other	-	-	3,950,851	-	-	-	-	-	-	-	-	-
97300	<b>Housing assistance payments</b>	-	-	<b>3,960,570</b>	-	-	-	-	-	-	<b>3,960,570</b>	-	<b>3,960,570</b>
97350	HAP Portability-In	-	-	15,773	-	-	-	-	-	-	15,773	-	15,773
97400	Depreciation expense	213,665	123,047	3,443	33,942	17,367	-	2,894	-	4,843	399,201	-	399,201
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-
90000	<b>Total Expenses</b>	<b>1,170,212</b>	<b>143,047</b>	<b>4,506,866</b>	<b>435,645</b>	<b>182,491</b>	<b>232,194</b>	<b>756,665</b>	<b>263,301</b>	<b>15,439</b>	<b>7,705,860</b>	-	<b>7,705,860</b>
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	<b>Total other financing sources (uses)</b>	-	-	-	-	-	-	-	-	-	-	-	-
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(188,402)</b>	<b>64,432</b>	<b>142,110</b>	<b>78,649</b>	<b>120,356</b>	-	<b>9,096</b>	<b>(1,823)</b>	<b>3,656</b>	<b>228,074</b>	-	<b>228,074</b>

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

2019	Description	Low Rent 14.850	CFP 14.872	Housing Choice 14.871	Section 8 New Construction 14.182	South Hill 14.195	CDBG 14.228	DOE 81.042	LIHEAP 93.568	Business Activities	Subtotal	Elimination	TOTAL
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-
11030	Beginning equity	3,649,013	-	418,958	1,031,724	85,165	-	102,953	(8,517)	169,752	5,449,048	-	5,449,048
11170-001	Administrative Fee Equity - Beginning Balance			359,800							359,800	-	359,800
11170-010	Administrative Fee Revenue			627,023							627,023	-	627,023
11170-020	Hard to House Fee Revenue			-							-	-	-
11170-030	Audit Costs			-							-	-	-
11170-040	Investment Income			8,887							8,887	-	8,887
11170-045	Fraud Recovery Revenue			27,235							27,235	-	27,235
11170-050	Other Revenue			20,567							20,567	-	20,567
11170-051	Comment for Other Revenue			-							-	-	-
11170-060	Total Admin Fee Revenues			683,712							683,712	-	683,712
11170-080	Total Operating Expenses			527,080							527,080	-	527,080
11170-090	Depreciation			3,443							3,443	-	3,443
11170-095	HAP port in			15,773							15,773	-	15,773
11170-100	Other Expenses			-							-	-	-
11170-101	Comment for Other Expense			-							-	-	-
11170-110	Total Expenses			546,296							546,296	-	546,296
11170-002	Net Administrative Fee			137,416							137,416	-	137,416
11170-003	Administrative Fee Equity - Ending Balance			497,216							497,216	-	497,216
11170	<b>Administrative Fee Equity</b>			<b>497,216</b>							<b>497,216</b>	-	<b>497,216</b>
11180-001	Housing Assistance Payments Equity - Beginning Balance			59,158							59,158	-	59,158
11180-010	Housing Assistance Payments Revenue			3,938,029							3,938,029	-	3,938,029
11180-015	Fraud Recovery Revenue			27,235							27,235	-	27,235
11180-020	Other revenue			-							-	-	-
11180-021	Comment for other revenue			-							-	-	-
11180-025	Investment Income			-							-	-	-
11180-030	Total HAP revenues			3,965,264							3,965,264	-	3,965,264
11180-080	Housing Assistance Payments			3,960,570							3,960,570	-	3,960,570
11180-090	Other expense			-							-	-	-
11180-091	Comment for other expense			-							-	-	-
11180-100	Total Housing Assistance Payments Expense			3,960,570							3,960,570	-	3,960,570
11180-002	Net Housing Assistance Payments			4,694							4,694	-	4,694
11180-003	Housing Assistance Payment Equity - Ending Balance			63,852							63,852	-	63,852
11180	<b>Housing Assistance Payments Equity</b>			<b>63,852</b>							<b>63,852</b>	-	<b>63,852</b>
11190	Unit Months Available	2,340	-	12,648	780	600	-	-	-	60	16,428	-	16,428
11210	Unit Months Leased	2,316	-	10,324	761	592	-	-	-	36	14,029	-	14,029
11270	Excess Cash	502,558									502,558	-	502,558
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	187,479	-	-	-	-	-	-	-	187,479	-	187,479
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	23,421	-	-	-	-	-	-	-	-	23,421	-	23,421
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFPP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2019

	Low Rent / CFP	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Eliminations	Total
<b>Assets and Deferred Outflows of Resources</b>									
<b>Assets:</b>									
Current assets:									
Cash - unrestricted	\$ 693,105	\$ 678,420	\$ 762,507	\$ 167,264	\$ 2,499	\$ 87,394	\$ 1,167	\$ -	\$ 2,392,356
Cash - restricted	-	63,852	-	-	-	-	-	-	63,852
Cash - tenant security deposits	20,974	-	7,544	3,394	-	-	590	-	32,502
Total cash	714,079	742,272	770,051	170,658	2,499	87,394	1,757	-	2,488,710
Accounts receivable - other government	-	-	-	-	8,737	102,871	-	-	111,608
Accounts receivable - miscellaneous	-	-	-	-	-	70,435	-	-	70,435
Accounts receivable - tenants	6,336	-	1,379	2,009	-	-	-	-	9,724
Inter-program - due from	-	-	116,161	-	-	15,971	-	(132,132)	-
Prepaid expenses and other assets	5,045	858	1,169	1,470	-	2,797	152	-	11,491
Inventories	-	-	-	-	-	48,160	-	-	48,160
Total current assets	725,460	743,130	888,760	174,137	11,236	327,628	1,909	(132,132)	2,740,128
Noncurrent assets:									
Capital assets, net	3,066,168	8,607	318,127	630,899	-	53,550	192,632	-	4,269,983
Total Assets	3,791,628	751,737	1,206,887	805,036	11,236	381,178	194,541	(132,132)	7,010,111
<b>Deferred Outflows of Resources:</b>									
Deferred outflows of resources for pension	94,932	86,045	37,874	9,847	-	144,507	-	-	373,205
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,886,560</b>	<b>\$ 837,782</b>	<b>\$ 1,244,761</b>	<b>\$ 814,883</b>	<b>\$ 11,236</b>	<b>\$ 525,685</b>	<b>\$ 194,541</b>	<b>\$ (132,132)</b>	<b>\$ 7,383,316</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>									
<b>Liabilities:</b>									
Current liabilities:									
Accounts payable	\$ 15,272	\$ 1,533	\$ 9,698	\$ 10,066	\$ 6,405	\$ 53,889	\$ 289	\$ -	\$ 97,152
Accrued wage and payroll taxes	-	-	4,322	-	-	-	-	-	4,322
Accrued compensated absences - current	18,162	20,787	8,026	2,296	-	6,194	-	-	55,465
Accounts payable - other government	40,081	2,013	12,924	-	2,500	-	-	-	57,518
Tenant security deposits	20,974	-	7,544	3,394	-	-	590	-	32,502
Inter-program - due to	39,291	40,326	-	4,747	2,331	45,183	254	(132,132)	-
Current portion of long-term debt	-	-	-	27,519	-	-	20,000	-	47,519
Total current liabilities	133,780	64,659	42,514	48,022	11,236	105,266	21,133	(132,132)	294,478
Noncurrent liabilities:									
Accrued compensated absences - non-current	23,665	27,088	10,458	2,992	-	8,070	-	-	72,273
Long-term debt, net of current portion	-	-	-	537,179	-	-	-	-	537,179
Net pension liability	196,893	178,460	78,552	20,424	-	299,712	-	-	774,041
Total noncurrent liabilities	220,558	205,548	89,010	560,595	-	307,782	-	-	1,383,493
Total Liabilities	354,338	270,207	131,524	608,617	11,236	413,048	21,133	(132,132)	1,677,971
<b>Deferred Inflows of Resources:</b>									
Deferred inflows of resources for pension	7,179	6,507	2,864	745	-	10,928	-	-	28,223
<b>Net Position:</b>									
Net investment in capital assets	3,066,168	8,607	318,127	66,201	-	53,550	192,632	-	3,705,285
Restricted	-	63,852	-	-	-	-	-	-	63,852
Unrestricted	458,875	488,609	792,246	139,320	-	48,159	(19,224)	-	1,907,985
Total Net Position	3,525,043	561,068	1,110,373	205,521	-	101,709	173,408	-	5,677,122
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 3,886,560</b>	<b>\$ 837,782</b>	<b>\$ 1,244,761</b>	<b>\$ 814,883</b>	<b>\$ 11,236</b>	<b>\$ 525,685</b>	<b>\$ 194,541</b>	<b>\$ (132,132)</b>	<b>\$ 7,383,316</b>

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

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

YEAR ENDED DECEMBER 31, 2019

	Low Rent / CFP	Section 8 Voucher	Section 8 New Construction	South Hill	CDBG Programs	Weatherization Programs	Business Activities	Total
<b>Operating Revenues:</b>								
Net tenant revenue	\$ 578,392	\$ -	\$ 238,021	\$ 31,117	\$ -	\$ -	\$ 19,095	\$ 866,625
HUD PHA operating grants	409,546	4,565,052	272,715	267,474	-	-	-	5,514,787
Other governmental grants	-	-	-	-	232,194	495,700	-	727,894
Other revenue	11,399	75,037	35	2,963	-	531,539	-	620,973
Total operating revenues	999,337	4,640,089	510,771	301,554	232,194	1,027,239	19,095	7,730,279
<b>Operating Expenses:</b>								
Housing assistance payments	-	3,976,343	-	-	-	-	-	3,976,343
Administrative	222,111	505,730	191,563	30,163	29,799	331,207	2,109	1,312,682
Tenant services	3,290	-	-	-	-	-	-	3,290
Utilities	172,686	-	90,718	34,520	-	-	3,238	301,162
Maintenance and operations	454,149	-	83,304	60,875	202,395	670,126	2,273	1,473,122
Insurance premiums	60,523	-	13,742	17,464	-	8,178	1,799	101,706
Other general expenses	63,788	21,350	22,376	4,098	-	7,561	-	119,173
Total operating expenses	976,547	4,503,423	401,703	147,120	232,194	1,017,072	9,419	7,287,478
<b>Operating Income (Loss)</b>	22,790	136,666	109,068	154,434	-	10,167	9,676	442,801
<b>Non-Operating Revenues (Expenses):</b>								
Investment income - unrestricted	2,357	8,887	3,523	1,293	-	-	-	16,060
Investment income - restricted	116	-	-	-	-	-	-	116
Interest expense	-	-	-	(18,004)	-	-	(1,177)	(19,181)
Depreciation expense	(336,712)	(3,443)	(33,942)	(17,367)	-	(2,894)	(4,843)	(399,201)
Total non-operating revenues (expenses)	(334,239)	5,444	(30,419)	(34,078)	-	(2,894)	(6,020)	(402,206)
<b>Capital Contributions:</b>								
HUD capital grants	187,479	-	-	-	-	-	-	187,479
<b>Change in Net Position</b>	(123,970)	142,110	78,649	120,356	-	7,273	3,656	228,074
Net position - beginning	3,649,013	418,958	1,031,724	85,165	-	94,436	169,752	5,449,048
Net position - ending	\$ 3,525,043	\$ 561,068	\$ 1,110,373	\$ 205,521	\$ -	\$ 101,709	\$ 173,408	\$ 5,677,122

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's No.</u>	<u>Total Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Public and Indian Housing (Low-Income Housing Assistance Program)	14.850	N/A	\$ 389,546	\$ -
Public Housing Capital Fund (CFP)	14.872	N/A	207,479	-
Housing Voucher Cluster / Section 8 Housing Choice Vouchers	14.871	N/A	4,503,423	9,719
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	272,715	-
Section 8 Housing Assistance Payments Program	14.195	N/A	267,474	-
Total Section 8 Project-Based Cluster			<u>540,189</u>	<u>-</u>
Passed through the Commonwealth of Pennsylvania:				
Community Development Block Grants	14.228	C000063285	123,927	-
Community Development Block Grants	14.228	C000064553	39,374	-
Community Development Block Grants	14.228	C000067006	65,856	-
Community Development Block Grants	14.228	C000070357	3,037	-
Subtotal Community Development Block Grants - 14.228			<u>232,194</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>5,872,831</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>				
Passed through the Commonwealth of Pennsylvania:				
Low-Income Home Energy Assistance	93.568	C000061672	<u>261,478</u>	<u>-</u>
<u>U.S. Department of Energy:</u>				
Passed through the Commonwealth of Pennsylvania:				
Weatherization Assistance for Low-Income Persons	81.042	C000066297	<u>191,344</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 6,325,653</u>	<u>\$ 9,719</u>

See accompanying notes to schedule of expenditures of federal awards.

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

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### **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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

### **2. Summary of Significant Accounting Policies**

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

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

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

	CDBG 2015 C000063285	CDBG 2016 C000064553	CDBG 2017 C000067006	CDBG 2018 C000070357
Due from DCED at December 31, 2018	\$ 6,768	\$ -	\$ 1,382	\$ -
Receipts	130,695	39,374	61,539	-
Disbursements	<u>123,927</u>	<u>39,374</u>	<u>65,856</u>	<u>3,037</u>
Due from DCED at December 31, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,699</u></u>	<u><u>\$ 3,037</u></u>

  

	LIHEAP C000061672	Weatherization C000066297
Due from DCED at December 31, 2018	\$ 30,090	\$ 24,169
Receipts	223,582	183,128
Disbursements	<u>261,478</u>	<u>191,344</u>
Due from DCED at December 31, 2019	<u><u>\$ 67,986</u></u>	<u><u>\$ 32,385</u></u>

**Housing Authority of the  
County of Erie**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended December 31, 2019



**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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 20, 2020.

## **Internal Control over Financial Reporting**

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

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

*Maher Duessel*

Pittsburgh, Pennsylvania  
July 20, 2020

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

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

### **Report on Compliance for the Major Federal Program**

We have audited the Housing Authority of the County of Erie's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

***Opinion on the Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

**Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

*Mahe Duessel*

Pittsburgh, Pennsylvania  
July 20, 2020

# HOUSING AUTHORITY OF THE COUNTY OF ERIE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

### I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

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

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

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

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

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

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

7. Major Programs:

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Housing Voucher Cluster / Section 8 Housing Choice Vouchers

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

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

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

**No matters were reported.**

III. Findings and questioned costs for federal awards.

**No matters were reported.**

**HOUSING AUTHORITY OF THE  
COUNTY OF ERIE**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2019**

**NO FINDINGS IN PRIOR YEAR**