

**Housing Authority of the  
County of Butler**

Single Audit

December 31, 2017

**MaherDuessel**

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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

YEAR ENDED DECEMBER 31, 2017

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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

YEAR ENDED DECEMBER 31, 2017

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## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the Housing Authority of the County of Butler (Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as described in the table of contents 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules and Actual Modernization Cost Certificate are presented for purposes of additional analysis and are not a required part 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, Actual Modernization Cost Certificate, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules, Actual Modernization Cost Certificate, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 28, 2018

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Introduction**

The mission of the Housing Authority of the County of Butler (Authority) is to assist low- income families with safe, decent, and affordable housing opportunities as they strive to achieve self-sufficiency and improve the quality of their lives. The Authority is committed to operating in an efficient, ethical, and professional manner. The Authority will create and maintain partnerships with its clients and appropriate community agencies in order to accomplish this mission.

As management of the Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The Authority was able to assist 26 homeowners to correct code violations and or make necessary home improvements at a total cost of \$57,436 through the County Emergency Funds. The Housing Choice Voucher Program assisted approximately 1,414 families with their rental payment in the private rental market.

The Authority administers various grants including First Time Homebuyer Grants, First Time Homebuyer Training, FSS Grants, Counseling Grants, McKinney Grants, and Blight Removal Grants.

The Authority acts as a management agent for four independently owned housing complexes (162 units) consisting of Chicora Commons Apartments, Rolling Road Regency Apartments, Parker Heights, and Historic Lafayette Apartments. The Authority also manages Deshon Place I and II, which has 20 units of Transitional Housing, and Franklin Court Apartments, which has 46 units.

**Financial Highlights**

In addition to the following highlights, more descriptive explanation of the following items is provided in this report:

- Total current assets decreased from \$2.6 million in 2016 to \$1.9 million in 2017.
- Total non-current assets increased from \$18.0 million in 2016 to \$21.1 million in 2017.
- Total current liabilities decreased from \$1.8 million in 2016 to \$1.2 million in 2017.
- Total non-current liabilities increased from \$6.7 million in 2016 to \$7.4 million in 2017.
- The Authority had operating revenues of \$12,564,235 and operating expenses of \$12,063,710 for calendar year 2017.

**Overview of the Financial Statements**

The primary purposes of the Authority's basic financial statements are as follows:

- Statement of Net Position – Provides a view of the financial condition of the Authority including its liquidity, capital assets, long-term debt obligations, and net position. Over time, increases or decreases in the Authority's net position are an indication of whether its financial health is

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

improving or deteriorating.

- Statement of Revenues, Expenses, and Changes in Net Position – Provides information with regard to the types of revenues earned and expenses incurred by the Authority on an annual basis. In addition, this statement indicates whether charges for services to customers were sufficient to meet the current operating costs, and potentially certain capital costs, necessary to operate the Authority, or whether the Authority had to draw on prior net position reserves to meet its obligations.
- Statement of Cash Flows – Provides relevant information about the cash receipts and cash payments of the Authority during the year, specifically, how much cash was generated for operating needs, and the amount of cash required for capital needs and debt service obligations.

**Analysis of Statement of Net Position**

A comparison of the assets, liabilities, and net position of the Authority for the calendar years 2017 and 2016 is as follows:

	2017	2016	Increase (Decrease)
Current Assets	\$ 1,932,712	\$ 2,632,895	\$ (700,183)
Non-Current Assets	21,089,798	17,970,782	3,119,016
<b>Total Assets</b>	<b>23,022,510</b>	<b>20,603,677</b>	<b>2,418,833</b>
Current Liabilities	1,222,248	1,847,847	(625,599)
Non-Current Liabilities	7,392,100	6,742,087	650,013
<b>Total Liabilities</b>	<b>8,614,348</b>	<b>8,589,934</b>	<b>24,414</b>
Net Investment in Capital Assets	12,936,218	10,878,549	2,057,669
Restricted	196,357	205,897	(9,540)
Unrestricted	1,275,587	929,297	346,290
<b>Total Net Position</b>	<b>\$ 14,408,162</b>	<b>\$ 12,013,743</b>	<b>\$ 2,394,419</b>

Increases and decreases in assets and liabilities shown above were mainly the result of the following financial activity:

**Current Assets** – The decrease was mainly the result of a decrease in cash and cash equivalents. A prepaid operating grant of \$704,973 was received from HUD in December 2016 for the Housing Choice Voucher Program for January 2017. However, the Housing Choice Voucher Program operating grant for January 2018 was not prepaid in 2017.

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Non-Current Assets** increased as a result of the addition of the capital assets of Rolling Road Regency Limited Partnership and other additions exceeding depreciation expense by approximately \$3,119,016.

**Current Liabilities** decreased mainly due to a decrease in unearned revenue between years, as prepaid operating grant funding received from HUD in 2016 for the 2017 Housing Choice Voucher Program was not likewise prepaid in 2017. Additionally, accrued liabilities – litigation settlement at December 31, 2016 of \$325,000 was paid in 2017. This was offset by an increase of \$400,668 in 2017 in accounts payable – other government, due mainly to \$397,778 in accrued OPEB and compensated absences liabilities assumed by the County Redevelopment Authority at December 31, 2017.

**Non-Current Liabilities** increased mainly due to the inclusion of Rolling Road Regency Limited Partnership's long-term debt of \$1,422,770 in 2017, offset by the assumption of the accrued OPEB and compensated absences liabilities by the County Redevelopment Authority totaling \$397,778 at December 31, 2017 and by payments on long-term debt in 2017.

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Comparison of Actual Revenues and Expenditures  
For the Years Ended December 31, 2017 and 2016**

	2017	2016	Increase (Decrease)
Net Tenant Revenue	\$ 2,443,096	\$ 2,179,767	\$ 263,329
Grant Revenue	9,874,303	9,830,860	43,443
Other Revenue	561,891	908,609	(346,718)
<b>Total Operating Revenues</b>	<b>12,879,290</b>	<b>12,919,236</b>	<b>(39,946)</b>
Housing Assistance Payments	7,695,064	7,556,797	138,267
Administrative	2,027,925	2,175,434	(147,509)
Tenant Services	7,271	12,127	(4,856)
Utilities	745,890	734,611	11,279
Maintenance and Operations	1,026,798	1,276,788	(249,990)
Protective Services	31,936	36,589	(4,653)
Insurance Premiums	207,636	179,395	28,241
Other General Expenses	321,190	723,519	(402,329)
<b>Total Operating Expenses</b>	<b>12,063,710</b>	<b>12,695,260</b>	<b>(631,550)</b>
Operating Income	815,580	223,976	591,604
Non-Operating Revenues (Expenses)	(1,231,037)	(1,224,158)	(6,879)
Special Item	2,809,876	477,910	2,331,966
Change in Net Position	<b>\$ 2,394,419</b>	<b>\$ (522,272)</b>	<b>\$ 2,916,691</b>

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Analysis of Entity Wide Revenues**

The following represents the programs administered by the Authority along with the revenues generated from these programs during calendar year 2017:

Low Income Public Housing/Capital Fund (Net)	\$ 3,005,251
Section 8 Voucher	7,710,029
Supportive Housing for Persons with Disabilities	532,384
Supportive Housing Program – Deshon Place I and II	218,433
Resident Opportunity and Supportive Services	45,477
Home Ownership (Net)	77,070
Chicora Commons	331,301
Rolling Road	128,364
Central Office Cost Center (Net)	333,777
Franklin Court	473,358
State/Local - Other	<u>23,846</u>
Total Revenues	<u>\$ 12,879,290</u>

Total above revenues for calendar year 2017 represent a decrease from year 2016 revenues of \$12,919,236 by \$39,946 or .3%. The decrease was basically the net result of 1) a decrease in Section 8 Housing Choice Voucher Funding from HUD totaling \$195,096, and 2) smaller decreases in Home Ownership, Butler Area Housing & CDC and State/Local – Other revenues, offset by 3) the inclusion of Rolling Road revenues of \$128,364 in 2017 and 4) increases in Low Income Public Housing/Capital Fund, COCC and Chicora Commons revenues.

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Analysis of Entity Wide Expenditures**

**Total Operating Expenses** for 2017 decreased by \$631,550 or 5% as compared to calendar year 2016 expenses of \$12,695,260.

**Housing Assistance Payments** increased by \$138,267 or 2% during calendar year 2017.

**Administrative Expenses** decreased \$147,509 or 6.8%. This decrease is mainly due to a decrease in salaries and wages and employee benefit contributions during 2017 for the Supportive Housing and State/Local Programs, partially offset by the inclusion of administrative expenses for Rolling Road.

**Tenant Services** costs remained fairly stable between 2016 and 2017.

**Utilities** costs remained fairly stable between 2016 and 2017.

**Maintenance and Operations** costs for 2017 decreased \$249,990 or 19.6% due to lower costs for the Low Income Public Housing, Housing Choice Voucher, Supportive Housing, and State/Local programs.

**Protective Services** expenses remained fairly stable between 2016 and 2017.

**Insurance Premiums** increased by \$28,241 or 15.7% in 2017, due to the inclusion of Rolling Road and due to an increase in insurance premium rates.

**Other General Expenses** decreased by \$402,329 or 55.6% in 2017 mainly due to the \$325,000 settlement amount accrued in 2016 to settle litigation related to the former Executive Director and due to debt refinancing costs incurred for Franklin Court in 2016.

**Capital Assets and Debt Administration**

**CAPITAL ASSETS**

At December 31, 2017, the Authority had \$20,356,856 invested in capital assets, including land, construction in progress, buildings, leasehold improvements, and furniture and equipment, net of depreciation. These amounts represent a net increase of \$3,212,017, or approximately 18.7% from last year. The Authority had approximately \$6,328,929 in capital additions during the 2017 calendar year. The most significant capital asset additions for the Authority during the year were due to the addition of capital assets related to Rolling Road Regency L.P.

**HOUSING AUTHORITY OF THE COUNTY OF BUTLER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

The following is a summary of capital assets at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,174,247	\$ 811,463
Buildings	34,954,050	29,963,975
Furniture, equipment, and machinery - dwellings	1,006,363	757,388
Furniture, equipment, and machinery - administrative	1,022,672	940,363
Leasehold improvements	6,544,419	5,850,690
Accumulated depreciation	(24,366,793)	(21,302,302)
Construction in progress	<u>21,898</u>	<u>123,262</u>
Total	<u>\$ 20,356,856</u>	<u>\$ 17,144,839</u>

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding from the Department of Housing and Economic Development.
- Federal funding of the Community Development Block Grant.
- Funding from the Pennsylvania Department of Community and Economic Development.
- Funding from the County of Butler.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.
- The Authority anticipates receiving Developer's Fees in 2018 from various projects.
- Timely passage of the Pennsylvania state budget.

**Contacting the Authority's Financial Management**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer, Housing Authority of the County of Butler, 114 Woody Drive, Butler, PA 16001 or call 724-287-6797.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## STATEMENT OF NET POSITION

DECEMBER 31, 2017

<b>Assets</b>	
Current assets:	
Cash and cash equivalents:	
Cash - unrestricted	\$ 1,265,627
Cash - restricted - modernization and development	19
Cash - other restricted	196,338
Cash - tenant security deposits	81,831
Cash - restricted for payment of current liability	49,324
	<hr/>
Total cash and cash equivalents	1,593,139
	<hr/>
Accounts receivable - HUD other projects	33,885
Accounts receivable - miscellaneous, net of allowance for doubtful accounts	36,629
Accounts receivable - tenants, net of allowance for doubtful accounts	19,545
Prepaid expenses and other assets	192,932
Inventories	32,582
Assets held for sale	24,000
	<hr/>
Total current assets	1,932,712
	<hr/>
Noncurrent assets:	
Accounts receivable - miscellaneous, net of allowance for doubtful accounts	732,942
Capital assets, non-depreciable	1,196,145
Capital assets, net of accumulated depreciation	19,160,711
	<hr/>
Total noncurrent assets	21,089,798
	<hr/>
<b>Total Assets</b>	<b>\$ 23,022,510</b>
	<hr/> <hr/>

(Continued)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## STATEMENT OF NET POSITION

DECEMBER 31, 2017  
(Continued)

<b>Liabilities and Net Position</b>	
<b>Liabilities:</b>	
<hr/>	
Current liabilities:	
Accounts payable	\$ 29,445
Accrued interest payable	7,819
Accounts payable - other government	512,119
Tenant security deposits	81,831
Unearned revenue	108,187
Current portion of long-term debt	304,818
Other current liabilities	52,592
Accrued liabilities - other	125,437
Total current liabilities	1,222,248
Noncurrent liabilities:	
Long-term debt, net of current portion	6,229,642
Noncurrent liabilities - other	4,820
Loan liability - noncurrent	1,157,638
Total noncurrent liabilities	7,392,100
Total Liabilities	8,614,348
 <b>Net Position:</b>	
<hr/>	
Net investment in capital assets	12,936,218
Restricted	196,357
Unrestricted	1,275,587
Total Net Position	14,408,162
<b>Total Liabilities and Net Position</b>	<b>\$ 23,022,510</b>

(Concluded)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

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

YEAR ENDED DECEMBER 31, 2017

<b>Operating Revenues:</b>	
Net tenant revenue	\$ 2,443,096
HUD PHA operating grants	9,559,248
Other revenue	561,891
	12,564,235
Total operating revenues	12,564,235
<b>Operating Expenses:</b>	
Housing assistance payments	7,695,064
Administrative	2,027,925
Tenant services	7,271
Utilities	745,890
Maintenance and operations	1,026,798
Protective services	31,936
Insurance premiums	207,636
Other general expenses	321,190
	12,063,710
Total operating expenses	12,063,710
<b>Operating Income</b>	500,525
<b>Non-Operating Revenues (Expenses):</b>	
Gain (loss) on disposal of capital assets and assets held for sale	8,026
Interest expense	(211,450)
Depreciation expense	(1,027,613)
	(1,231,037)
Total non-operating revenues (expenses)	(1,231,037)
<b>Capital Contributions:</b>	
HUD capital grants	315,055
	315,055
<b>Special Item - gain on acquisition of Rolling Road Regency, L.P.</b>	2,809,876
	2,809,876
<b>Change in Net Position</b>	2,394,419
Net position - beginning	12,013,743
	12,013,743
Net position - ending	\$ 14,408,162
	14,408,162

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

<b>Cash Flows From Operating Activities:</b>	
Operating grants received	\$ 8,823,553
Receipts from tenants	2,447,807
Other receipts	552,619
Housing assistance payments	(7,695,064)
Payments for goods and services	(2,664,333)
Payments to employees	(2,124,117)
	(659,535)
<b>Cash Flows From Capital and Related Financing Activities:</b>	
HUD capital grants	315,055
Acquisition and construction of capital assets	(375,682)
Acquisition of limited partnership	381,018
Interest paid on long-term debt	(211,450)
Proceeds from issuance of long-term debt	100,000
Principal payment on long-term debt	(237,720)
	(28,779)
Net cash provided by (used in) capital and related financing activities	(688,314)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(688,314)</b>
<b>Cash and Cash Equivalents:</b>	
Beginning of year	2,281,453
End of year	\$ 1,593,139

(Continued)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017  
(Continued)

### Reconciliation of Operating Income to Net Cash

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

Operating income	\$	500,525
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Forgiveness of debt		(135,000)
Change in assets and liabilities:		
Accounts receivable		105,915
Prepaid expenses and other assets		(26,739)
Inventories		(5,749)
Assets held for sale		60,014
Accounts payable and other liabilities		344,618
Accrued compensated absences		(213,983)
Accrued interest payable		(532)
Tenant security deposits		(214)
Unearned revenue		(710,957)
Accrued liabilities - other		(305,842)
Long-term debt, operating		(53,540)
OPEB liability		(218,051)
Total adjustments		<u>(1,160,060)</u>
Net cash provided by (used in) operating activities	\$	<u>(659,535)</u>

#### Noncash Items:

Carrying value of assets acquired from limited partnership acquisition	\$	<u>3,937,918</u>
Carrying value of liabilities assumed from limited partnership acquisition	\$	<u>1,468,721</u>
Loss from disposal of assets held for sale	\$	<u>(8,026)</u>
Forgiveness of debt	\$	<u>135,000</u>

(Concluded)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

The Housing Authority of the County of Butler (Authority) was created and organized under the provisions of the Housing Authority Law of 1937 by the Commonwealth of Pennsylvania. Members of the Board of Commissioners are appointed by the County of Butler (County) and have complete authority over the operations and administration of the Authority's activities, subject to certain guidelines of the Department of Housing and Urban Development (HUD).

The Authority is not considered to be a component unit of the County because, although the County appoints the governing body of the Authority, the County cannot impose its will on the Authority, and there is no financial burden or benefit relationship between the County and the Authority.

#### Component Units

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

A blended component unit, although a legally separate entity is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government.

#### Chicora Commons

Chicora Commons is a 27-unit, affordable housing site for limited-income individuals, age 55 or older, located in Chicora, Pennsylvania. Prior to June 2016, the Authority, through Butler Area Housing Rehabilitation, Inc., maintained a .01% ownership in Chicora Commons, L.P. On June 29, 2016, the Authority directly purchased the remaining 99.99% ownership from the limited partner for \$1. Chicora Commons Limited Partnership (Chicora Commons) meets the criteria to be reported as a blended component unit, as it is wholly owned by the Authority or its component units.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Rolling Road

Rolling Road is a 50-unit, affordable housing site for limited-income individuals, age 55 or older located in Cranberry Township, Pennsylvania. Prior to September 2017, the Authority, through Butler Area Housing and Community Development Corporation, maintained a .01% ownership in Rolling Road Regency, L.P. On September 1, 2017, the Authority directly purchased the remaining 99.99% ownership from the limited partner for \$1. At that time, it was determined that Rolling Road Regency, L.P. (Rolling Road) had met the criteria to be reported as a blended component unit, as it is wholly owned by the Authority or its component units. The amounts recognized as of the effective transfer date are as follows: current assets of \$369,250, capital assets of \$3,909,347, current liabilities of \$45,951, long-term debt of \$1,422,770, and net position of \$2,890,876. For the year ended December 31, 2017, a special item is reported in the statement of revenue, expenses, and changes in net position, which represents excess of the equity of the partnership as compared to the purchase price, as of the purchase date.

### Butler County Home Ownership Corporation and Butler Area Housing and Community Development Corporation

The Butler County Home Ownership Corporation and Butler Area Housing and Community Development Corporation, both of which are non-profit organizations, are wholly owned by the Authority and meet the criteria for inclusion in the Authority's reporting entity as blended component units.

### Butler Area Housing Rehabilitation, Inc.

The Butler Area Housing Rehabilitation, Inc. (BAHR), which is a non-profit organization, is wholly owned by the Authority and meets the criteria for inclusion in the Authority's reporting entity as a blended component unit. BAHR had immaterial balances and activity to report in 2017.

### Historic Lafayette, Inc. and Regency Associates, LLC

In addition to the above component units, the Authority has also created two for-profit entities to participate in mixed-financing transactions, Historic Lafayette, Inc. and Regency Associates, LLC. These entities' sole purpose is to function as a general partner in each of the partnerships for Historic Lafayette Associates, L.P. and Rolling Road Regency, L.P., respectively. The Authority's interest in Historic Lafayette Associates, L.P. is immaterial to

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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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report, and is therefore not reported as a blended component unit of the Authority. Regency Associates, LLC's only activity is its investment in Rolling Road Regency, L.P. and as such, its activity is reported together with that entity as a blended component unit.

### 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 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. In connection with the HCV Program, the Authority operates a Family Self-Sufficiency Program designed to move public housing residents from welfare dependency to work and self-sufficiency. Under this program, the Authority also has a Mainstream Program for disabled individuals.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Supportive Housing for Persons with Disabilities: A program designed to provide tenant-based rental assistance to low-income persons with disabilities for payment of housing on the private market.

Supportive Housing Program (Shelter Plus Care): A program designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

Business Activities: Business activities of the Authority consist of non-HUD funds used for local initiatives in housing and housing-related ventures, including homeownership activities and rental development. Business activities include the Franklin Court Apartments.

### Operating and Non-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 interest expense.

### 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. The Authority as a whole is not required to adopt a legally authorized budget on an annual basis and is therefore not required to present budget to actual financial information as part of its basic financial statements.

### Statement of Cash Flows

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

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Accounts Receivable

The Authority's accounts receivable consists primarily of amounts due from other entities managed by the Authority. The portion of accounts receivable not expected to be collected is offset by an allowance for doubtful accounts, estimated based on historical experience. As of December 31, 2017, the entire allowance related to the amounts owed from the Redevelopment Authority of the City of Butler. Accounts receivable – miscellaneous consists of the following at December 31, 2017:

Redevelopment Authority of the City of Butler	\$	466,080
Historic Lafayette		368,935
Redevelopment Authority of the County of Butler		247,282
Rolling Road		50,816
Parker Heights		65,841
Other		84
First time homebuyer assistance		36,613
		<hr/>
		1,235,651
Less: allowance for doubtful accounts		<hr/> (466,080)
Total accounts receivable - miscellaneous, net	\$	<hr/> <hr/> 769,571

### Inventories and Prepaid Items

Inventories consist of housing stock parts and supplies and are carried at cost, using the first-in, first-out method.

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

### Capital Assets

All assets, which exceed the Authority's capitalization policy threshold of \$5,000, are recorded 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,

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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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which do not extend the useful life of an asset, along with routine repair and maintenance costs, are charged to operations as incurred. Construction in progress consists of capital additions that have not been placed in service.

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

Buildings	40 Years
Leasehold Improvements	15 Years
Equipment	5 Years
Vehicles	5 Years

### Unearned Revenue

The Authority's unearned revenue represents grants received but not yet expended for their eligible purpose at year end.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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. The Authority’s restricted net position is restricted for future modernization projects and reserve for replacements restricted cash at Chicora Commons and Rolling Road.
- 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.

### Adopted Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 80, *“Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14,”* clarifies the financial statement presentation requirements for the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The adoption of this statement had no impact on the Authority’s financial statements.

### Pending Pronouncements

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

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 2. Cash and Cash Equivalents

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

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

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

As of December 31, 2017, \$538,304 of the Authority's \$1,849,997 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 \$1,593,139 as of December 31, 2017.

#### Restricted Cash

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

Family Self-Sufficiency Program	\$	49,324
Reserve for replacements - Rolling Road		158,367
Reserve for replacements - Chicora Commons		37,971
Modernization projects		19
Tenant security deposits		81,831
Total	\$	<u>327,512</u>

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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 3. Capital Assets and Assets Held for Sale

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

	January 1, 2017	Increases/ Transfers	Decreases/ Transfers	December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 811,463	\$ 362,784	\$ -	\$ 1,174,247
Construction in progress	123,262	213,359	(314,723)	21,898
Total capital assets, not being depreciated	934,725	576,143	(314,723)	1,196,145
Capital assets, being depreciated:				
Buildings	29,963,975	5,009,817	(19,742)	34,954,050
Furniture, equipment, and machinery - dwellings	757,388	248,975	-	1,006,363
Furniture, equipment, and machinery - administration	940,363	114,988	(32,679)	1,022,672
Leasehold improvements	5,850,690	693,729	-	6,544,419
Total capital assets, being depreciated	37,512,416	6,067,509	(52,421)	43,527,504
Less accumulated depreciation	(21,302,302)	(3,109,044)	44,553	(24,366,793)
Total capital assets being depreciated, net	16,210,114	2,958,465	(7,868)	19,160,711
Total capital assets	\$ 17,144,839	\$ 3,534,608	\$ (322,591)	\$ 20,356,856

The following schedule summarizes the assets held for sale at December 31, 2017:

526-528 Virginia Avenue	\$ 20,353
524 Virginia Avenue	3,647
Total	\$ 24,000

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 4. Long-Term Liabilities

#### Notes Payable - PHFA

In October 2008, the Authority issued a non-interest-bearing note payable with the Pennsylvania Housing Finance Agency (PHFA) in the amount of \$807,638 for the development of the Deshon Place II Project. The note is due in October 2038 and principal payments shall be made from any excess revenue generated by the project during the year, of which there was none during the current year. The note is collateralized by the housing complex. The balance outstanding as of December 31, 2017 was \$807,638.

Chicora Commons has a note payable to PHFA in the amount of \$805,031 with an interest rate of 0%. The note is due in May 2029 and principal payments shall be made from any excess revenue generated by the project during the year, of which there was none during the current year. The note is collateralized by a mortgage, a regulatory agreement, and a security agreement on the property. The balance outstanding as of December 31, 2017 was \$681,075.

Rolling Road has a note payable to PHFA in the amount of \$1,577,612 with an interest rate of 0%. The note is due in 2033 and principal payments shall be made from excess revenue generated by the project during the year, of which there was none during the current year. The note is collateralized by a regulatory agreement and a security agreement on the Project. The balance outstanding as of December 31, 2017 was \$959,970.

#### Note Payable – Northwest Bank

In July 2012, the Authority issued a promissory note in the amount of \$480,900 for the purchase of the business condominium property located adjacent to the Authority's main business location. Principal and interest payments are due monthly through maturity in July 2027 and bear interest at a variable rate, which was 3.75% at December 31, 2017. The property serves as collateral on this note. The outstanding balance at December 31, 2017 was \$383,952.

#### Notes Payable – TriState Capital

In November 2016, the Authority issued a term note in the amount of \$2,244,000 to refinance the Authority's line of credit and general obligation note. Monthly principal and

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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interest payments began January 1, 2017 through maturity of December 2032. The note will bear interest at a fixed rate of 3.69% for the first five years, and then for the following five years at a fixed rate equal to the monthly average yield of U.S. Treasury Securities. The outstanding balance at December 31, 2017 was \$2,189,400.

In November 2016, the Authority issued a term note in the amount of \$225,000 to refinance the Authority's line of credit and general obligation note. In May 2017, the Authority issued an additional \$100,000 on this note. Principal and interest payments are due monthly through maturity of December 2021. The note will bear interest at a fixed rate of 3.69%. The outstanding balance at December 31, 2017 was \$271,460.

### Notes Payable – NexTier Bank

Chicora Commons has a note payable to NexTier Bank in the amount of \$135,000 with an interest rate of 0%. Payments on the loan are due and payable in full in May 2029. The note is collateralized by a mortgage, security agreement, and a loan agreement on the property. The entire balance of the loan was forgiven in 2017.

### Notes Payable – County of Butler

Chicora Commons has a note payable to the County of Butler, Pennsylvania in the amount of \$250,000 with an interest rate of 0%. Payments on the loan are due and payable in full in May 2029. The note is collateralized by a mortgage and security agreement on the property. The balance outstanding as of December 31, 2017 was \$250,000.

Rolling Road has a note payable to the County of Butler, Pennsylvania in the amount of \$350,000 with an interest rate of 0%. Payments on the loan are due and payable in full in 2033. The note is collateralized by a security agreement on the project. The balance outstanding as of December 31, 2017 was \$350,000.

### Note Payable – Cranberry Township

Rolling Road has a note payable to Cranberry Township, Pennsylvania in the amount of \$112,800 with an interest rate of 0%. The note is due in full in November 2034 and is collateralized by a loan and security agreement on the project. The balance outstanding as of December 31, 2017 was \$112,800.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Revenue Bonds - PHFA

In October 2005, the Authority participated with six other Pennsylvania housing authorities in a \$22,010,000 bond issue to finance accelerated renovations and repairs under the Capital Fund Program. Each authority's share of the bond issue is expressly stated within the loan documents and official statements. Each authority's obligation is limited only to their share of the bond pool. Principal payments are due each December 1 and interest is due semi-annually on June 1 and December 1 through maturity in December 2025. The interest rates on the bonds range from 3.35% to 5.0%. The Authority irrevocably pledged as security for the loan, and granted a first lien on, a priority interest in revenues paid by HUD pursuant to the Capital Fund Financing Agreement. The outstanding balance at December 31, 2017 was \$1,078,515.

A summary of future payments on the Authority's above-described long-term liabilities is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 254,953	\$ 160,145	\$ 415,098
2019	264,929	149,965	414,894
2020	275,439	139,350	414,789
2021	288,716	128,010	416,726
2022	225,492	116,711	342,203
2023-2027	1,086,352	418,045	1,504,397
2028-2032	2,458,521	248,772	2,707,293
2033-2036	1,422,770	-	1,422,770
2037-2038	807,638	-	807,638
	<u>\$ 7,084,810</u>	<u>\$ 1,360,998</u>	<u>\$ 8,445,808</u>

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### Capital Lease

In September 2010, the Authority signed an energy performance contract for an equipment lease purchase agreement for \$822,000. Principal and interest payments are due quarterly through October 2025 and bear interest at a rate of 6.04%. As of December 31, 2017, \$822,000 was included as capital assets related to the lease on the Authority's statement of net position and accumulated depreciation on these capital assets was \$534,300. The following summarizes the debt service obligation of the Authority on the capital lease obligation as of December 31, 2017:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,045	\$ 36,300	\$ 86,345
2019	56,670	33,129	89,799
2020	63,845	29,545	93,390
2021	71,611	25,515	97,126
2022	80,009	21,002	101,011
2023-2025	<u>285,108</u>	<u>30,490</u>	<u>315,598</u>
	<u>\$ 607,288</u>	<u>\$ 175,981</u>	<u>\$ 783,269</u>

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Changes in Long-Term Liabilities

The following summarizes the changes in the Authority's long-term liabilities during the year ended December 31, 2017:

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Notes payable - PHFA	\$ 1,498,163	\$ 959,970	\$ (9,450)	\$ 2,448,683	\$ -
Note payable - Northwest Bank	403,333	-	(19,381)	383,952	20,131
Notes payable - TriState Capital	2,469,000	100,000	(108,140)	2,460,860	120,480
Note payable - NexTier Bank	135,000	-	(135,000)	-	-
Note payable - County of Butler	250,000	350,000	-	600,000	-
Revenue bonds - PHFA	1,187,376	-	(108,861)	1,078,515	114,162
Capital lease - First Security	652,716	-	(45,428)	607,288	50,045
Note Payable - Cranberry Township	-	112,800	-	112,800	-
<b>Total long-term debt</b>	<b>6,595,588</b>	<b>1,522,770</b>	<b>(426,260)</b>	<b>7,692,098</b>	<b>304,818</b>
Compensated absences	213,983	-	(213,983)	-	-
Noncurrent liabilities - other	4,281	1,019	(480)	4,820	-
Accrued OPEB liability	218,051	-	(218,051)	-	-
<b>Total other noncurrent liabilities</b>	<b>436,315</b>	<b>1,019</b>	<b>(432,514)</b>	<b>4,820</b>	<b>-</b>
<b>Total long-term liabilities</b>	<b>\$ 7,031,903</b>	<b>\$ 1,523,789</b>	<b>\$ (858,774)</b>	<b>\$ 7,696,918</b>	<b>\$ 304,818</b>

In 2017, the Authority terminated their employees, who were then hired by the Redevelopment Authority of the County of Butler (County Redevelopment Authority) at the same positions and salaries and benefits. The Authority will contract with the County Redevelopment Authority for services needed related to administration and maintenance and operations. Future responsibility of the employees and related salaries and benefits is that of the County Redevelopment Authority. As a result, liabilities related to the accrued OPEB liability and compensated absences totaling \$397,778 were assumed by the County Redevelopment Authority at December 31, 2017. It is the Authority's intent to repay these amounts in 2018. The amount due to the County Redevelopment Authority at December 31, 2017 of \$397,778 is recorded in accounts payable – other governments on the statement of net position.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 5. Retirement Plans

#### Deferred Compensation

The Authority's Chief Executive Officer participates in a deferred compensation plan (plan) adopted under the provisions of Internal Revenue Code Section 457 (Deferred compensation plans with respect to service for State and Local Governments), which is considered a defined contribution pension plan. 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. During 2017, the employer contributions were approximately \$7,151.

#### Defined Contribution

The Authority sponsored a defined contribution plan (Plan) covering all eligible full-time employees. During 2017, the Authority transferred its employees to the County Redevelopment Authority and as of December 31, 2017, the Authority no longer has any employees. All eligible employees are covered under the County Redevelopment Authority's defined contribution plan. Plan provisions and contribution requirements are established and may be amended by the Authority. The Authority's contribution to fund the Plan was 13% of basic compensation for each active participant. During the year ended December 31, 2017, employer and employee contributions to the Plan were \$135,029 and \$2,321, respectively.

### 6. Rental Income

In January 2000, the Authority entered into a lease agreement with a local nonprofit to lease office space. The lease was renewed in 2011 and again in 2014. The current lease term is effective January 1, 2014 and will terminate on December 31, 2018, with an option to renew for five years through December 31, 2023, and for five additional years through December 31, 2028. For the year ended December 31, 2017, the Authority received \$30,000 in rental income. At minimum, the Authority is entitled to receive the following lease payments:

2018	<u>\$ 30,000</u>
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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### **7. Related Party**

The Board of Directors and Chief Executive Officer of the Authority serve in the same capacity for the County Redevelopment Authority. The County Redevelopment Authority is indebted to the Authority for \$247,282 for advanced operating costs related to the HOME Program, and the Authority is indebted to the County Redevelopment Authority for \$397,778 for costs related to the transfer of employees from the Authority during 2017, as described in Note 4. In addition, in 2017 the County Redevelopment Authority paid the Authority \$29,825 for management, administrative, and inspector services provided, and the Authority paid the County Redevelopment Authority \$611,936 for administrative and inspector services provided.

### **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 years. There has been no significant reduction in insurance coverage from the coverage in the prior year.

### **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 2018, but any such reductions are not currently expected to have a 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

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# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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.

### Litigation Settlement

In May 2017, the Authority settled litigation related to the former Executive Director. The settlement amount of \$325,000 was accrued as of December 31, 2016 and was paid during 2017. There is no other litigation related to this case still outstanding at this time.

## **SUPPLEMENTARY INFORMATION**

**ENTITY-WIDE FINANCIAL  
DATA SCHEDULE**

2017																
Line Item No.	Description	Low Income Public Housing	Section 8 Housing Choice Voucher	Supportive Housing for Persons with Disabilities	Resident Opportunity and Supportive Services	Supportive Housing Program	Other Federal Program 1	Deshon Place II	State/Local	Business Activities	Central Office Cost Center	Component Units	Subtotal	Elimination	Total	
111	Cash - unrestricted	589,586	107,073	20,292	-	58,255	-	33,451	27,166	107,494	75,035	247,275	1,265,627	-	1,265,627	
112	Cash - restricted - modernization and development	19	-	-	-	-	-	-	-	-	-	-	19	-	19	
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-	196,338	196,338	-	196,338	
114	Cash - tenant security deposits	36,853	-	-	-	891	-	696	500	20,724	-	22,167	81,831	-	81,831	
115	Cash - restricted for payment of current liability	-	48,305	-	-	-	-	-	-	-	1,019	-	49,324	-	49,324	
100	<b>Total Cash</b>	<b>626,458</b>	<b>155,378</b>	<b>20,292</b>	<b>-</b>	<b>59,146</b>	<b>-</b>	<b>34,147</b>	<b>27,666</b>	<b>128,218</b>	<b>76,054</b>	<b>465,780</b>	<b>1,593,139</b>	<b>-</b>	<b>1,593,139</b>	
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
122	Accounts Receivable - HUD Other Projects	-	29,619	-	-	-	-	-	-	4,266	-	-	33,885	-	33,885	
124	Accounts receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	1,199,022	-	16	36,613	1,235,651	-	1,235,651	
126	Accounts receivable - tenants	19,055	-	-	-	-	-	929	-	1,681	-	47	21,712	-	21,712	
126.1	Allowance for doubtful accounts - tenants	(1,906)	-	-	-	-	-	(93)	-	(168)	-	-	(2,167)	-	(2,167)	
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	(466,080)	-	-	-	-	(466,080)	-	(466,080)	
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>17,149</b>	<b>29,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>836</b>	<b>732,942</b>	<b>5,779</b>	<b>16</b>	<b>36,660</b>	<b>823,001</b>	<b>-</b>	<b>823,001</b>	
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
142	Prepaid expenses and other assets	17,963	-	-	-	-	-	-	-	-	126,385	48,584	192,932	-	192,932	
143	Inventories	-	-	-	-	-	-	-	-	-	32,582	-	32,582	-	32,582	
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
144	Inter-program - due from	-	-	-	-	-	-	157,543	194,950	-	-	-	352,493	(352,493)	-	
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	24,000	24,000	-	24,000	
150	<b>Total Current Assets</b>	<b>661,570</b>	<b>184,997</b>	<b>20,292</b>	<b>-</b>	<b>59,146</b>	<b>-</b>	<b>192,526</b>	<b>955,558</b>	<b>133,997</b>	<b>235,037</b>	<b>575,024</b>	<b>3,018,147</b>	<b>(352,493)</b>	<b>2,665,654</b>	
161	Land	738,490	-	-	-	-	-	-	6,942	-	-	428,815	1,174,247	-	1,174,247	
162	Buildings	20,141,266	-	-	-	-	-	1,500,647	659,576	4,287,349	983,843	7,381,369	34,954,050	-	34,954,050	
163	Furniture, equipment and machinery - dwellings	718,851	-	-	-	23,658	-	-	-	-	3,075	260,779	1,006,363	-	1,006,363	
164	Furniture, equipment and machinery - administration	222,386	-	-	-	-	-	-	-	-	748,345	51,941	1,022,672	-	1,022,672	
165	Leasehold improvements	5,319,555	-	-	-	406,919	-	-	-	70,527	359,528	387,890	6,544,419	-	6,544,419	
166	Accumulated depreciation	(17,916,746)	-	-	-	(424,353)	-	(150,065)	(153,420)	(997,667)	(1,477,108)	(3,247,434)	(24,366,793)	-	(24,366,793)	
167	Construction in progress	21,898	-	-	-	-	-	-	-	-	-	-	21,898	-	21,898	
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>9,245,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,224</b>	<b>-</b>	<b>1,350,582</b>	<b>513,098</b>	<b>3,360,209</b>	<b>617,683</b>	<b>5,263,360</b>	<b>20,356,856</b>	<b>-</b>	<b>20,356,856</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>9,245,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,224</b>	<b>-</b>	<b>1,350,582</b>	<b>513,098</b>	<b>3,360,209</b>	<b>617,683</b>	<b>11,101,744</b>	<b>20,356,856</b>	<b>-</b>	<b>20,356,856</b>	
190	<b>Total Assets</b>	<b>9,907,270</b>	<b>184,997</b>	<b>20,292</b>	<b>-</b>	<b>65,370</b>	<b>-</b>	<b>1,543,108</b>	<b>1,468,656</b>	<b>3,494,206</b>	<b>852,720</b>	<b>5,838,384</b>	<b>23,375,003</b>	<b>(352,493)</b>	<b>23,022,510</b>	

2017																
Line Item No.	Description	Low Income Public Housing	Section 8 Housing Choice Voucher	Supportive Housing for Persons with Disabilities	Resident Opportunity and Supportive Services	Supportive Housing Program	Other Federal Program 1	Deshon Place II	State/Local	Business Activities	Central Office Cost Center	Component Units	Subtotal	Elimination	Total	
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
312	Accounts payable <= 90 days	-	1,347	-	-	2,712	-	696	131	10,959	-	13,600	29,445	-	29,445	
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
322	Accrued compensated absences - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
325	Accrued interest payable	-	-	-	-	-	-	-	-	7,819	-	-	7,819	-	7,819	
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
333	Accounts payable - other government	107,880	-	-	-	5,676	-	-	785	-	397,778	-	512,119	-	512,119	
341	Tenant security deposits	36,853	-	-	-	891	-	696	500	20,724	-	22,167	81,831	-	81,831	
342	Unearned Revenue	32,703	-	-	-	189	-	32	-	1,058	-	74,205	108,187	-	108,187	
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	164,207	-	-	-	-	-	-	20,131	56,640	-	-	240,978	-	240,978	
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	63,840	-	-	63,840	-	63,840	
345	Other current liabilities	-	48,305	-	-	-	-	-	2,440	-	-	1,847	52,592	-	52,592	
346	Accrued liabilities - other	-	4,861	-	-	-	-	-	-	-	113,021	7,555	125,437	-	125,437	
347	Inter-program - due to	-	-	-	-	157,543	-	194,950	-	-	-	-	352,493	(352,493)	-	
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
310	<b>Total Current Liabilities</b>	<b>341,643</b>	<b>54,513</b>	-	-	<b>167,011</b>	-	<b>196,374</b>	<b>23,987</b>	<b>161,040</b>	<b>510,799</b>	<b>119,374</b>	<b>1,574,741</b>	<b>(352,493)</b>	<b>1,222,248</b>	
351	Capital Projects/Mortgage Revenue Bonds	1,521,596	-	-	-	-	-	-	363,821	2,132,760	-	2,003,845	6,022,022	-	6,022,022	
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	207,620	-	-	207,620	-	207,620	
353	Non-current liabilities - other	4,820	-	-	-	-	-	-	-	-	-	-	4,820	-	4,820	
354	Accrued compensated absences - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
355	Loan Liability - Non-current	-	-	-	-	-	-	807,638	-	-	-	350,000	1,157,638	-	1,157,638	
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
350	<b>Total Non-Current Liabilities</b>	<b>1,526,416</b>	-	-	-	-	-	<b>807,638</b>	<b>363,821</b>	<b>2,340,380</b>	-	<b>2,353,845</b>	<b>7,392,100</b>	-	<b>7,392,100</b>	
300	<b>Total Liabilities</b>	<b>1,868,059</b>	<b>54,513</b>	-	-	<b>167,011</b>	-	<b>1,004,012</b>	<b>387,808</b>	<b>2,501,420</b>	<b>510,799</b>	<b>2,473,219</b>	<b>8,966,841</b>	<b>(352,493)</b>	<b>8,614,348</b>	
508.1	Net Investment in Capital Assets	7,559,897	-	-	-	6,224	-	542,944	129,146	1,170,809	617,683	2,909,515	12,936,218	-	12,936,218	
511.1	Restricted Net Position	19	-	-	-	-	-	-	-	-	-	196,338	196,357	-	196,357	
512.1	Unrestricted Net Position	479,295	130,484	20,292	-	(107,865)	-	(3,848)	951,702	(178,023)	(275,762)	259,312	1,275,587	-	1,275,587	
513	<b>Total Equity - Net Position</b>	<b>8,039,211</b>	<b>130,484</b>	<b>20,292</b>	-	<b>(101,641)</b>	-	<b>539,096</b>	<b>1,080,848</b>	<b>992,786</b>	<b>341,921</b>	<b>3,365,165</b>	<b>14,408,162</b>	-	<b>14,408,162</b>	
600	<b>Total Liabilities and Equity/Net Position</b>	<b>9,907,270</b>	<b>184,997</b>	<b>20,292</b>	-	<b>65,370</b>	-	<b>1,543,108</b>	<b>1,468,656</b>	<b>3,494,206</b>	<b>852,720</b>	<b>5,838,384</b>	<b>23,375,003</b>	<b>(352,493)</b>	<b>23,022,510</b>	

2017															
Line Item No.	Description	Low Income Public Housing	Section 8 Housing Choice Voucher	Supportive Housing for Persons with Disabilities	Resident Opportunity and Supportive Services	Supportive Housing Program	Other Federal Program 1	Deshon Place II	State/Local	Business Activities	Central Office Cost Center	Component Units	Subtotal	Elimination	Total
70300	Net tenant rental revenue	1,653,249	-	-	-	19,041	-	19,034	9,612	418,171	-	321,534	2,440,641	-	2,440,641
70400	Tenant revenue - other	2,455	-	-	-	-	-	-	-	-	-	-	2,455	-	2,455
70500	<b>Total Tenant Revenue</b>	<b>1,655,704</b>	-	-	-	<b>19,041</b>	-	<b>19,034</b>	<b>9,612</b>	<b>418,171</b>	-	<b>321,534</b>	<b>2,443,096</b>	-	<b>2,443,096</b>
70600-010	Housing assistance payments	-	6,984,258	477,551	-	-	-	-	-	-	-	-	7,461,809	-	7,461,809
70600-020	Ongoing administrative fees earned	-	677,224	54,833	45,477	-	-	-	-	-	-	-	777,534	-	777,534
70600	HUD PHA operating grants	933,959	7,661,482	532,384	45,477	132,566	-	43,949	-	51,199	-	-	9,401,016	-	9,401,016
70610	Capital grants	315,055	-	-	-	-	-	-	-	-	-	-	315,055	-	315,055
70710	Management fee	-	-	-	-	-	-	-	-	-	622,657	-	622,657	(622,657)	-
70720	Asset management fee	-	-	-	-	-	-	-	-	-	48,150	-	48,150	(48,150)	-
70730	Bookkeeping fee	-	-	-	-	-	-	-	-	-	161,507	-	161,507	(161,507)	-
70740	Front line service fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70700	<b>Total Fee Revenue</b>	-	-	-	-	-	-	-	-	-	<b>832,314</b>	-	<b>832,314</b>	<b>(832,314)</b>	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	158,232	87,746	245,978	(87,746)	158,232
71100	Investment income - unrestricted	-	-	-	-	-	-	-	-	-	-	228	228	-	228
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	100,053	48,547	-	-	1,854	-	1,989	90,272	3,988	568,658	463,523	1,278,884	(717,701)	561,183
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	8,643	(617)	8,026	-	8,026
72000	Investment income - restricted	480	-	-	-	-	-	-	-	-	-	-	480	-	480
70000	<b>Total Revenue</b>	<b>3,005,251</b>	<b>7,710,029</b>	<b>532,384</b>	<b>45,477</b>	<b>153,461</b>	-	<b>64,972</b>	<b>99,884</b>	<b>473,358</b>	<b>1,567,847</b>	<b>872,414</b>	<b>14,525,077</b>	<b>(1,637,761)</b>	<b>12,887,316</b>
91100	Administrative salaries	245,168	109,505	32,115	45,477	3,189	-	2,309	-	12,621	361,795	233,884	1,046,063	(96,288)	949,775
91200	Auditing fees	11,405	3,179	-	-	187	-	187	-	935	4,647	17,124	37,664	-	37,664
91300	Management fee	357,216	180,516	13,980	-	-	-	-	-	38,501	-	32,444	622,657	(622,657)	-
91310	Book-keeping Fee	39,946	112,823	8,738	-	-	-	-	-	-	-	-	161,507	(161,507)	-
91400	Advertising and marketing	417	560	-	-	-	-	-	-	11	1,418	951	3,357	-	3,357
91500	Employee benefit contributions - administrative	92,190	72,407	-	-	1,926	-	1,389	-	7,605	161,802	79,989	417,308	-	417,308
91600	Office expenses	21,302	47,928	-	-	288	-	135	-	1,560	14,304	288	89,922	(76,038)	13,884
91700	Legal expense	24,312	2,619	-	-	77	-	77	-	230	27,265	207	54,787	-	54,787
91800	Travel	1,209	1,575	-	-	101	-	39	-	442	15,314	1,848	20,528	-	20,528
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	82,725	112,258	-	-	4,475	-	1,476	5,294	9,100	216,617	98,677	530,622	-	530,622
91000	<b>Total Operating-Administrative</b>	<b>875,890</b>	<b>643,370</b>	<b>54,833</b>	<b>45,477</b>	<b>10,243</b>	-	<b>5,612</b>	<b>5,294</b>	<b>71,005</b>	<b>803,162</b>	<b>469,529</b>	<b>2,984,415</b>	<b>(956,490)</b>	<b>2,027,925</b>
92000	Asset Management Fee	48,150	-	-	-	-	-	-	-	-	-	-	48,150	(48,150)	-
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	5,950	-	-	-	113,079	-	12,576	-	-	-	673	132,278	(125,007)	7,271
92500	<b>Total Tenant Services</b>	<b>5,950</b>	-	-	-	<b>113,079</b>	-	<b>12,576</b>	-	-	-	<b>673</b>	<b>132,278</b>	<b>(125,007)</b>	<b>7,271</b>
93100	Water	73,290	1,491	-	-	1,066	-	1,178	567	25,590	1,910	4,727	109,819	-	109,819
93200	Electricity	165,969	3,797	-	-	7,242	-	8,004	53	10,568	10,851	23,016	229,500	-	229,500
93300	Gas	189,645	2,076	-	-	4,719	-	5,216	121	-	4,158	5,396	211,331	-	211,331
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	145,507	898	-	-	4,320	-	4,320	1,150	20,115	432	18,498	195,240	-	195,240
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93000	<b>Total Utilities</b>	<b>574,411</b>	<b>8,262</b>	-	-	<b>17,347</b>	-	<b>18,718</b>	<b>1,891</b>	<b>56,273</b>	<b>17,351</b>	<b>51,637</b>	<b>745,890</b>	-	<b>745,890</b>
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-	-	-	-	265,869	-	265,869	-	265,869
94200	Ordinary maintenance and operations - materials and other	94,959	437	-	-	2,236	-	1,112	-	8,271	5,780	9,102	121,897	-	121,897
94300	Ordinary Maintenance and Operations Contracts	752,992	2,346	-	-	11,442	-	7,672	6,887	77,055	24,868	74,460	957,722	(420,368)	537,354
94500	Employee benefit contribution - ordinary maintenance	-	-	-	-	-	-	-	-	-	100,228	-	100,228	-	100,228
94000	<b>Total Maintenance and Operations</b>	<b>847,951</b>	<b>2,783</b>	-	-	<b>13,678</b>	-	<b>8,784</b>	<b>6,887</b>	<b>85,326</b>	<b>396,745</b>	<b>83,562</b>	<b>1,445,716</b>	<b>(420,368)</b>	<b>1,025,348</b>
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	26,823	-	-	-	-	-	-	-	2,387	139	2,587	31,936	-	31,936
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95000	<b>Total Protective Services</b>	<b>26,823</b>	-	-	-	-	-	-	-	<b>2,387</b>	<b>139</b>	<b>2,587</b>	<b>31,936</b>	-	<b>31,936</b>
96110	Property insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96120	Liability insurance	-	-	-	-	-	-	-	-	7,085	-	362	7,447	-	7,447
96130	Workmen's compensation	5,316	3,383	-	-	-	-	-	-	-	15,465	3,651	27,815	-	27,815
96140	All other insurance	112,193	10,072	-	-	2,447	-	5,735	650	8,770	11,200	21,307	172,374	-	172,374
96100	<b>Total Insurance Premiums</b>	<b>117,509</b>	<b>13,455</b>	-	-	<b>2,447</b>	-	<b>5,735</b>	<b>650</b>	<b>15,855</b>	<b>26,665</b>	<b>25,320</b>	<b>207,636</b>	-	<b>207,636</b>

2017															
Line Item No.	Description	Low Income Public Housing	Section 8 Housing Choice Voucher	Supportive Housing for Persons with Disabilities	Resident Opportunity and Supportive Services	Supportive Housing Program	Other Federal Program 1	Deshon Place II	State/Local	Business Activities	Central Office Cost Center	Component Units	Subtotal	Elimination	Total
96200	Other general expenses	-	-	-	-	-	-	-	57,112	-	158,232	38,042	253,386	(87,746)	165,640
96210	Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96300	Payments in lieu of taxes	107,880	-	-	-	-	-	-	785	-	-	28,359	137,024	-	137,024
96400	Bad debt - tenant rents	15,824	-	-	-	354	-	872	-	1,476	-	-	18,526	-	18,526
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96000	<b>Total Other General Expenses</b>	<b>123,704</b>	-	-	-	<b>354</b>	-	<b>872</b>	<b>57,897</b>	<b>1,476</b>	<b>158,232</b>	<b>66,401</b>	<b>408,936</b>	<b>(87,746)</b>	<b>321,190</b>
96710	Interest of mortgage (or bonds) payable	99,266	-	-	-	-	-	-	14,999	92,669	-	-	206,934	-	206,934
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	4,516	4,516	-	4,516
96700	<b>Total Interest Expense and Amortization Cost</b>	<b>99,266</b>	-	-	-	-	-	-	<b>14,999</b>	<b>92,669</b>	-	<b>4,516</b>	<b>211,450</b>	-	<b>211,450</b>
96900	<b>Total Operating Expenses</b>	<b>2,719,654</b>	<b>667,870</b>	<b>54,833</b>	<b>45,477</b>	<b>157,148</b>	-	<b>52,297</b>	<b>87,618</b>	<b>324,991</b>	<b>1,402,294</b>	<b>704,225</b>	<b>6,216,407</b>	<b>(1,637,761)</b>	<b>4,578,646</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>285,597</b>	<b>7,042,159</b>	<b>477,551</b>	-	<b>(3,687)</b>	-	<b>12,675</b>	<b>12,266</b>	<b>148,367</b>	<b>165,553</b>	<b>168,189</b>	<b>8,308,670</b>	-	<b>8,308,670</b>
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	1,450	1,450	-	1,450
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	7,190,136	459,784	-	-	-	-	-	-	-	-	7,649,920	-	7,649,920
97350	HAP Portability-In	-	45,144	-	-	-	-	-	-	-	-	-	45,144	-	45,144
97400	Depreciation expense	686,588	-	-	-	308	-	37,516	23,275	112,132	56,477	111,317	1,027,613	-	1,027,613
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90000	<b>Total Expenses</b>	<b>3,406,242</b>	<b>7,903,150</b>	<b>514,617</b>	<b>45,477</b>	<b>157,456</b>	-	<b>89,813</b>	<b>110,893</b>	<b>437,123</b>	<b>1,458,771</b>	<b>816,992</b>	<b>14,940,534</b>	<b>(1,637,761)</b>	<b>13,302,773</b>
10010	Operating transfer in	60,000	-	-	-	-	-	-	265,000	-	-	-	325,000	(325,000)	-
10020	Operating transfer out	(60,000)	-	-	-	-	-	-	-	(265,000)	-	-	(325,000)	325,000	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	2,809,876	2,809,876	-	2,809,876
10091	Inter Project Excess Cash Transfer In	20,000	-	-	-	-	-	-	-	-	-	-	20,000	(20,000)	-
10092	Inter Project Excess Cash Transfer Out	(20,000)	-	-	-	-	-	-	-	-	-	-	(20,000)	20,000	-
10100	<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,000</b>	<b>(265,000)</b>	<b>-</b>	<b>-</b>	<b>2,809,876</b>	<b>2,809,876</b>	<b>-</b>	<b>2,809,876</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(400,991)</b>	<b>(193,121)</b>	<b>17,767</b>	-	<b>(3,995)</b>	-	<b>(24,841)</b>	<b>253,991</b>	<b>(228,765)</b>	<b>109,076</b>	<b>2,865,298</b>	<b>2,394,419</b>	-	<b>2,394,419</b>
11020	Required Annual Debt Principal Payments	164,207	-	-	-	-	-	-	20,131	120,480	-	-	304,818	-	304,818
11030	Beginning equity	8,440,202	323,605	2,525	-	(97,646)	-	563,937	826,857	1,221,551	232,845	499,867	12,013,743	-	12,013,743
11040-010	Prior Period Adjustments - Component Unit first year reflected on FDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-070	Equity Transfers - Transferred to Business Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-080	Equity Transfers - Transferred from Other Federal Program 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040	<b>Prior Period Adjustments, Equity Transfers, and Correction of Errors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11170-001	Administrative Fee Equity - Beginning Balance	-	117,727	-	-	-	-	-	-	-	-	-	117,727	-	117,727
11170-010	Administrative Fee Revenue	-	677,224	-	-	-	-	-	-	-	-	-	677,224	-	677,224
11170-020	Hard to House Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-021	FSS Coordinator Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-030	Audit Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-040	Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-045	Fraud Recovery Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-050	Other Revenue	-	48,547	-	-	-	-	-	-	-	-	-	48,547	-	48,547
11170-051	Comment for Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-060	Total Admin Fee Revenues	-	725,771	-	-	-	-	-	-	-	-	-	725,771	-	725,771
11170-080	Total Operating Expenses	-	667,870	-	-	-	-	-	-	-	-	-	667,870	-	667,870
11170-090	Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-095	HAP port in	-	45,144	-	-	-	-	-	-	-	-	-	45,144	-	45,144
11170-100	Other Expenses	-	29,619	-	-	-	-	-	-	-	-	-	29,619	-	29,619
11170-101	Comment for Other Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170-110	<b>Total Expenses</b>	-	<b>742,633</b>	-	-	-	-	-	-	-	-	-	<b>742,633</b>	-	<b>742,633</b>
11170-002	Net Administrative Fee	-	(16,862)	-	-	-	-	-	-	-	-	-	(16,862)	-	(16,862)
11170-003	Administrative Fee Equity - Ending Balance	-	100,865	-	-	-	-	-	-	-	-	-	100,865	-	100,865
11170	<b>Administrative Fee Equity</b>	-	<b>100,865</b>	-	-	-	-	-	-	-	-	-	<b>100,865</b>	-	<b>100,865</b>

2017															
Line Item No.	Description	Low Income Public Housing	Section 8 Housing Choice Voucher	Supportive Housing for Persons with Disabilities	Resident Opportunity and Supportive Services	Supportive Housing Program	Other Federal Program 1	Deshon Place II	State/Local	Business Activities	Central Office Cost Center	Component Units	Subtotal	Elimination	Total
11180-001	Housing Assistance Payments Equity - Beginning Balance		205,878										205,878	-	205,878
11180-010	Housing Assistance Payments Revenue		6,984,258										6,984,258	-	6,984,258
11180-015	Fraud Recovery Revenue		-										-	-	-
11180-020	Other revenue		-										-	-	-
11180-021	Comment for other revenue		-										-	-	-
11180-025	Investment Income		-										-	-	-
11180-030	Total HAP revenues		6,984,258										6,984,258	-	6,984,258
11180-080	Housing Assistance Payments		7,190,136										7,190,136	-	7,190,136
11180-090	Other expense		-										-	-	-
11180-091	Comment for other expense		-										-	-	-
11180-100	Total Housing Assistance Payments Expense		7,190,136										7,190,136	-	7,190,136
11180-002	Net Housing Assistance Payments		(205,878)										(205,878)	-	(205,878)
11180-003	Housing Assistance Payment Equity - Ending Balance		-										-	-	-
11180	<b>Housing Assistance Payments Equity</b>		-										-	-	-
11190	Unit Months Available	5,424	17,292	1,200	-	120	-	120	12	552	-	524	25,244	-	25,244
11210	Unit Months Leased	5,326	15,043	1,165	-	115	-	112	12	544	-	518	22,835	-	22,835
11270	Excess Cash	84,310											84,310	-	84,310
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	206,192	-	-	-	-	-	-	-	-	-	-	206,192	-	206,192
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFRP Debt Service Payments	108,863	-	-	-	-	-	-	-	-	-	-	108,863	-	108,863
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**LOW-INCOME PUBLIC HOUSING  
FINANCIAL DATA SCHEDULE**

2017					
Line Item No.	Description	AMP 13	AMP 249	AMP 568	Total Low Income Public Housing
111	Cash - unrestricted	316,464	255,122	18,000	589,586
112	Cash - restricted-modernization and development	19	-	-	19
113	Cash - other restricted	-	-	-	-
114	Cash - tenant security deposits	18,650	14,853	3,350	36,853
115	Cash - Restricted for payment of current liability	-	-	-	-
100	<b>Total Cash</b>	<b>335,133</b>	<b>269,975</b>	<b>21,350</b>	<b>626,458</b>
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-
126	Accounts receivable - tenants	4,231	2,959	11,865	19,055
126.1	Allowance for doubtful accounts - tenants	(423)	(296)	(1,187)	(1,906)
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>3,808</b>	<b>2,663</b>	<b>10,678</b>	<b>17,149</b>
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	-	-	17,963	17,963
143	Inventories	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter-program - due from	-	-	-	-
145	Assets held for sale	-	-	-	-
150	<b>Total Current Assets</b>	<b>338,941</b>	<b>272,638</b>	<b>49,991</b>	<b>661,570</b>
161	Land	457,100	246,479	34,911	738,490
162	Buildings	10,375,602	7,256,816	2,508,848	20,141,266
163	Furniture, equipment and machinery - dwellings	432,861	245,532	40,458	718,851
164	Furniture, equipment and machinery - administration	196,832	25,554	-	222,386
165	Leasehold improvements	2,080,292	2,571,084	668,179	5,319,555
166	Accumulated depreciation	(8,559,865)	(7,091,904)	(2,264,977)	(17,916,746)
167	Construction in progress	21,898	-	-	21,898
168	Infrastructure	-	-	-	-
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>5,004,720</b>	<b>3,253,561</b>	<b>987,419</b>	<b>9,245,700</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>5,004,720</b>	<b>3,253,561</b>	<b>987,419</b>	<b>9,245,700</b>
190	<b>Total Assets</b>	<b>5,343,661</b>	<b>3,526,199</b>	<b>1,037,410</b>	<b>9,907,270</b>

2017					
Line Item No.	Description	AMP 13	AMP 249	AMP 568	Total Low Income Public Housing
311	Bank overdraft	-	-	-	-
312	Accounts payable <= 90 days	-	-	-	-
313	Accounts payable > 90 days past due	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-
322	Accrued compensated absences - current portion	-	-	-	-
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-
333	Accounts payable - other government	49,133	55,161	3,586	107,880
341	Tenant security deposits	18,650	14,853	3,350	36,853
342	Unearned Revenue	17,535	13,818	1,350	32,703
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	133,592	24,881	5,734	164,207
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	-	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Inter-program - due to	-	-	-	-
348	Loan liability - current	-	-	-	-
310	<b>Total Current Liabilities</b>	<b>218,910</b>	<b>108,713</b>	<b>14,020</b>	<b>341,643</b>
351	Capital Projects/Mortgage Revenue Bonds	1,180,705	277,048	63,843	1,521,596
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	4,340	480	-	4,820
354	Accrued compensated absences - non-current	-	-	-	-
355	Loan Liability - Non-current	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	<b>Total Non-Current Liabilities</b>	<b>1,185,045</b>	<b>277,528</b>	<b>63,843</b>	<b>1,526,416</b>
300	<b>Total Liabilities</b>	<b>1,403,955</b>	<b>386,241</b>	<b>77,863</b>	<b>1,868,059</b>
508.1	Net Investment in Capital Assets	3,690,423	2,951,632	917,842	7,559,897
511.1	Restricted Net Position	19	-	-	19
512.1	Unrestricted Net Position	249,264	188,326	41,705	479,295
513	<b>Total Equity - Net Position</b>	<b>3,939,706</b>	<b>3,139,958</b>	<b>959,547</b>	<b>8,039,211</b>
600	<b>Total Liabilities and Equity/Net Position</b>	<b>5,343,661</b>	<b>3,526,199</b>	<b>1,037,410</b>	<b>9,907,270</b>

2017			AMP 13	AMP 13		AMP 249	AMP 249		AMP 568	AMP 568	
Line Item No.	Description	Total AMP 13	Operating Fund Program	Capital Fund Program	Total AMP 249	Operating Fund Program	Capital Fund Program	Total AMP 568	Operating Fund Program	Capital Fund Program	Total Low Income Public Housing
70300	Net tenant rental revenue	817,999	817,999	-	725,440	725,440	-	109,810	109,811	-	1,653,249
70400	Tenant revenue - other	1,190	1,190	-	1,245	1,245	-	20	20	-	2,455
70500	<b>Total Tenant Revenue</b>	<b>819,189</b>	<b>819,189</b>	-	<b>726,685</b>	<b>726,685</b>	-	<b>109,830</b>	<b>109,831</b>	-	<b>1,655,704</b>
70600	HUD PHA operating grants	499,276	397,322	101,954	208,425	166,374	42,051	226,258	202,258	24,000	933,959
70610	Capital grants	309,206	-	309,206	5,849	-	5,849	-	-	-	315,055
70710	Management fee	-	-	-	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-	-	-	-
70730	Book-keeping fee	-	-	-	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-	-	-
70700	<b>Total Fee Revenue</b>	-	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	-	-	-	-	-	-	-	-	-	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	65,690	65,690	-	17,444	17,444	-	16,919	16,919	-	100,053
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	480	-	480	-	-	-	-	-	-	480
70000	<b>Total Revenue</b>	<b>1,693,841</b>	<b>1,282,201</b>	<b>411,640</b>	<b>958,403</b>	<b>910,503</b>	<b>47,900</b>	<b>353,007</b>	<b>329,008</b>	<b>24,000</b>	<b>3,005,251</b>
91100	Administrative salaries	125,543	125,543	-	95,107	95,107	-	24,518	24,518	-	245,168
91200	Auditing fees	5,796	5,796	-	4,487	4,487	-	1,122	1,122	-	11,405
91300	Management fee	180,752	160,752	20,000	142,029	126,029	16,000	34,435	30,435	4,000	357,216
91310	Book-keeping Fee	20,243	20,243	-	15,870	15,870	-	3,833	3,833	-	39,946
91400	Advertising and marketing	364	364	-	42	42	-	11	11	-	417
91500	Employee benefit contributions - administrative	47,024	47,024	-	35,949	35,949	-	9,217	9,217	-	92,190
91600	Office expenses	10,441	10,441	-	9,398	9,398	-	1,463	1,463	-	21,302
91700	Legal expense	7,835	7,835	-	4,647	4,647	-	11,830	11,830	-	24,312
91800	Travel	614	614	-	476	476	-	119	119	-	1,209
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900	Other	41,743	41,743	-	31,712	31,712	-	9,270	9,270	-	82,725
91000	<b>Total Operating-Administrative</b>	<b>440,355</b>	<b>420,355</b>	<b>20,000</b>	<b>339,717</b>	<b>323,717</b>	<b>16,000</b>	<b>95,818</b>	<b>91,818</b>	<b>4,000</b>	<b>875,890</b>
92000	Asset Management Fee	26,990	26,990	-	21,160	21,160	-	-	-	-	48,150
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	2,812	2,812	-	3,138	3,138	-	-	-	-	5,950
92500	<b>Total Tenant Services</b>	<b>2,812</b>	<b>2,812</b>	-	<b>3,138</b>	<b>3,138</b>	-	-	-	-	<b>5,950</b>
93100	Water	35,149	35,149	-	24,308	24,308	-	13,833	13,833	-	73,290
93200	Electricity	83,554	83,554	-	69,658	69,658	-	12,757	12,757	-	165,969
93300	Gas	107,604	107,604	-	55,016	55,016	-	27,025	27,025	-	189,645
93400	Fuel	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-
93600	Sewer	100,358	100,358	-	24,845	24,845	-	20,304	20,304	-	145,507
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-
93000	<b>Total Utilities</b>	<b>326,665</b>	<b>326,665</b>	-	<b>173,827</b>	<b>173,827</b>	-	<b>73,919</b>	<b>73,919</b>	-	<b>574,411</b>
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-	-	-	-	-
94200	Ordinary maintenance and operations - materials and other	43,658	43,658	-	22,813	22,813	-	28,488	28,488	-	94,959
94300	Ordinary Maintenance and Operations Contracts	314,731	313,616	1,115	302,784	296,733	6,051	135,477	135,477	-	752,992
94500	Employee benefit contribution - ordinary maintenance	-	-	-	-	-	-	-	-	-	-
94000	<b>Total Maintenance and Operations</b>	<b>358,389</b>	<b>357,274</b>	<b>1,115</b>	<b>325,597</b>	<b>319,546</b>	<b>6,051</b>	<b>163,965</b>	<b>163,965</b>	-	<b>847,951</b>
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	11,274	11,274	-	6,979	6,979	-	8,570	8,570	-	26,823
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-
95000	<b>Total Protective Services</b>	<b>11,274</b>	<b>11,274</b>	-	<b>6,979</b>	<b>6,979</b>	-	<b>8,570</b>	<b>8,570</b>	-	<b>26,823</b>

2017 Line Item No.	Description	AMP 13			AMP 249			AMP 568			Total Low Income Public Housing
		Total AMP 13	Operating Fund Program	Capital Fund Program	Total AMP 249	Operating Fund Program	Capital Fund Program	Total AMP 568	Operating Fund Program	Capital Fund Program	
96110	Property insurance	-	-	-	-	-	-	-	-	-	-
96120	Liability insurance	-	-	-	-	-	-	-	-	-	-
96130	Workmen's compensation	2,658	2,658	-	2,175	2,175	-	483	483	-	5,316
96140	All other insurance	51,194	51,194	-	29,742	29,742	-	31,257	31,257	-	112,193
96100	<b>Total Insurance Premiums</b>	<b>53,852</b>	<b>53,852</b>	-	<b>31,917</b>	<b>31,917</b>	-	<b>31,740</b>	<b>31,740</b>	-	<b>117,509</b>
96200	Other general expenses	-	-	-	-	-	-	-	-	-	-
96210	Compensated absences	-	-	-	-	-	-	-	-	-	-
96300	Payments in lieu of taxes	49,133	49,133	-	55,161	55,161	-	3,586	3,586	-	107,880
96400	Bad debt - tenant rents	8,927	8,927	-	1,228	1,228	-	5,669	5,669	-	15,824
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-
96000	<b>Total Other General Expenses</b>	<b>58,060</b>	<b>58,060</b>	-	<b>56,389</b>	<b>56,389</b>	-	<b>9,255</b>	<b>9,255</b>	-	<b>123,704</b>
96710	Interest of mortgage (or bonds) payable	80,437	19,598	60,839	14,986	14,986	-	3,843	3,843	-	99,266
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>80,437</b>	<b>19,598</b>	<b>60,839</b>	<b>14,986</b>	<b>14,986</b>	-	<b>3,843</b>	<b>3,843</b>	-	<b>99,266</b>
96900	<b>Total Operating Expenses</b>	<b>1,358,834</b>	<b>1,276,880</b>	<b>81,954</b>	<b>973,710</b>	<b>951,659</b>	<b>22,051</b>	<b>387,110</b>	<b>383,110</b>	<b>4,000</b>	<b>2,719,654</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>335,007</b>	<b>5,321</b>	<b>329,686</b>	<b>(15,307)</b>	<b>(41,156)</b>	<b>25,849</b>	<b>(34,103)</b>	<b>(54,102)</b>	<b>20,000</b>	<b>285,597</b>
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	287,010	287,010	-	305,039	305,039	-	94,539	94,539	-	686,588
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-
90000	<b>Total Expenses</b>	<b>1,645,844</b>	<b>1,563,890</b>	<b>81,954</b>	<b>1,278,749</b>	<b>1,256,698</b>	<b>22,051</b>	<b>481,649</b>	<b>477,649</b>	<b>4,000</b>	<b>3,406,242</b>
10010	Operating transfer in	20,000	20,000	-	20,000	20,000	-	20,000	20,000	-	60,000
10020	Operating transfer out	(20,000)	-	(20,000)	(20,000)	-	(20,000)	(20,000)	-	(20,000)	(60,000)
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	20,000	20,000	-	20,000
10092	Inter Project Excess Cash Transfer Out	-	-	-	(20,000)	(20,000)	-	-	-	-	(20,000)
10100	<b>Total Other Financing Sources (Uses)</b>	-	<b>20,000</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>20,000</b>	<b>(20,000)</b>	<b>20,000</b>	<b>40,000</b>	<b>(20,000)</b>	-
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>47,997</b>	<b>(261,689)</b>	<b>309,686</b>	<b>(340,346)</b>	<b>(326,195)</b>	<b>5,849</b>	<b>(108,642)</b>	<b>(108,641)</b>	-	<b>(400,991)</b>
11020	Required Annual Debt Principal Payments	133,592	19,430	114,162	24,881	24,881	-	5,734	5,734	-	164,207
11030	Beginning equity	3,891,709	3,891,709	-	3,480,304	3,480,304	-	1,068,189	1,068,189	-	8,440,202
11040-010	Prior period adjustments	-	-	-	-	-	-	-	-	-	-
11040-020	Equity Transfers	-	-	-	-	-	-	-	-	-	-
11040	<b>Prior Period Adjustments, Equity Transfers, and Correction of Errors</b>	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	2,736	2,736	-	2,124	2,124	-	564	564	-	5,424
11210	Unit Months Leased	2,699	2,699	-	2,116	2,116	-	511	511	-	5,326
11270	Excess Cash	13,606	13,606	-	84,621	84,621	-	(13,917)	(13,917)	-	84,310
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	200,343	-	200,343	5,849	-	5,849	-	-	-	206,192
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	108,863	-	108,863	-	-	-	-	-	-	108,863
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE  
COUNTY OF BUTLER**

ACTUAL MODERNIZATION COST CERTIFICATE

	<u>PA28P010501-16</u>
Funds Approved	\$ 430,150
Funds Disbursed	\$ 430,150
Funds Expended (Actual Modernization Cost)	\$ 430,150
Amount to be Recaptured	\$ -
Excess of Funds Disbursed	\$ -

**HOUSING AUTHORITY OF THE  
COUNTY OF BUTLER**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Public and Indian Housing	14.850	N/A	\$ -	\$ 765,954
Section 8 Housing Choice Vouchers / Housing Voucher Cluster	14.871	N/A	45,144	7,903,150
Public Housing Capital Fund	14.872	N/A	-	483,060
Supportive Housing for Persons with Disabilities	14.181	N/A	-	532,384
Continuum of Care Program	14.267	N/A	-	227,714
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	-	45,477
Total Expenditures of Federal Awards			<u>\$ 45,144</u>	<u>\$ 9,957,739</u>

See accompanying notes to schedule of expenditures of federal awards.

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

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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 Butler (Authority) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

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

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following 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 Butler**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended December 31, 2017

**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

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 Butler (Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated June 28, 2018.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 Butler  
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  
June 28, 2018

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

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

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

We have audited the Housing Authority of the County of Butler's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

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

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

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

Board of Directors  
Housing Authority of the County of Butler  
Independent Auditor's Report on Compliance  
for the Major Program

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

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

**Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Butler  
Independent Auditor's Report on Compliance  
for the Major Program

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

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 28, 2018

# HOUSING AUTHORITY OF THE COUNTY OF BUTLER

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

### I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified?  yes  no

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

3. Noncompliance material to financial statements noted?  yes  no

4. Internal control over major programs:

Material weakness(es) identified?  yes  no

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

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

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

7. Major Programs:

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers/Housing Voucher Cluster

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 BUTLER**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2017**

**NO FINDINGS IN PRIOR YEAR**