

Housing Authority of the County of Butler

Single Audit

December 31, 2018

MaherDuessel

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HOUSING AUTHORITY OF THE COUNTY OF BUTLER

YEAR ENDED DECEMBER 31, 2018

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HOUSING AUTHORITY OF THE COUNTY OF BUTLER

YEAR ENDED DECEMBER 31, 2018

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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, 2018, 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, 2018, 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 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 July 29, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
July 29, 2019

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, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The Authority provided 452 units of low-rent housing to qualified residents of Butler County. All units are owned and operated by the Authority. Additionally, the Authority's Housing Choice Voucher Program provided rental subsidies for approximately 1519 families residing in the private rental market. The Authority was also able to assist 26 homeowners to correct code violations and/or make necessary home improvements at a total cost of \$54,945 through the County Emergency Funds.

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 increased from \$1.9 million in 2017 to \$2.2 million in 2018.
- Total non-current assets decreased from \$21.1 million in 2017 to \$20.2 million in 2018.
- Total current liabilities decreased from \$1.2 million in 2017 to \$895,728 in 2018.
- Total non-current liabilities remained approximately the same at \$7.4 million in both 2017 and 2018.
- The Authority had operating revenues of \$13,698,072 and operating expenses of \$12,876,448 for calendar year 2018.

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 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 2018 and 2017 is as follows:

	2018	2017	Increase (Decrease)
Current Assets	\$ 2,236,176	\$ 1,932,712	\$ 303,464
Non-Current Assets	20,166,127	21,089,798	(923,671)
Total Assets	22,402,303	23,022,510	(620,207)
Current Liabilities	895,728	1,222,248	(326,520)
Non-Current Liabilities	7,406,046	7,392,100	13,946
Total Liabilities	8,301,774	8,614,348	(312,574)
Net Investment in Capital Assets	12,276,634	12,936,218	(659,584)
Restricted	227,131	196,357	30,774
Unrestricted	1,596,764	1,275,587	321,177
Total Net Position	\$ 14,100,529	\$ 14,408,162	\$ (307,633)

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

Current Assets – The increase was mainly the result of an increase in cash and cash equivalents and cash – restricted for modernization and development. The increase was partially offset by a decrease in accounts receivable – HUD other projects.

Non-Current Assets decreased mainly as a result of depreciation expense exceeding capital asset additions.

Current Liabilities decreased mainly due to a reclassification of accounts payable – other government to noncurrent liabilities - other. The Authority entered into a loan agreement with the Redevelopment Authority of the County of Butler (County Redevelopment Authority) in 2018 for \$471,098 for the

repayment of accrued post-employment benefits and accrued compensation absence obligations that the Authority agreed to assume when the Authority terminated their employees in 2017, who were then hired by the County Redevelopment Authority. The loan agreement transferred the liability from current liabilities to non-current liabilities. This was partially offset by an increase of \$53,706 in 2018 in accrued liabilities – other for expenses accrued at year-end and smaller increases in unearned revenue and current portion of long-term debt.

Non-Current Liabilities remained fairly consistent between years. The increase due to the loan agreement of \$471,098 entered into with the County Redevelopment Authority was offset by payments on long-term debt in 2018.

Comparison of Actual Revenues and Expenditures
For the Years Ended December 31, 2018 and 2017

	2018	2017	Increase (Decrease)
Net Tenant Revenue	\$ 2,723,788	\$ 2,443,096	\$ 280,692
Grant Revenue	10,395,461	9,401,016	994,445
Other Government Grants	269,958	158,232	111,726
Other Revenue	308,865	561,891	(253,026)
Total Operating Revenues	13,698,072	12,564,235	1,133,837
Housing Assistance Payments	8,267,039	7,695,064	571,975
Administrative	1,831,062	2,027,925	(196,863)
Tenant Services	78,934	7,271	71,663
Utilities	847,140	745,890	101,250
Maintenance and Operations	1,190,226	1,026,798	163,428
Protective Services	51,586	31,936	19,650
Insurance Premiums	228,945	207,636	21,309
Other General Expenses	381,516	321,190	60,326
Total Operating Expenses	12,876,448	12,063,710	812,738
Operating Income	821,624	500,525	321,099
Non-Operating Revenues (Expenses)	(1,330,734)	(1,231,037)	(99,697)
Capital Contributions	201,477	2,809,876	(2,608,399)
Change in Net Position	\$ (307,633)	\$ 2,079,364	\$ (2,386,997)

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 2018:

Low Income Public Housing/Capital Fund (Net)	\$ 3,201,869
Section 8 Voucher	8,621,280
Supportive Housing for Persons with Disabilities	512,867
Supportive Housing Program – Deshon Place I and II	146,415
Resident Opportunity and Supportive Services	48,693
Home Ownership (Net)	48,717
Chicora Commons	192,913
Rolling Road	384,678
Central Office Cost Center (Net)	249,929
Franklin Court	458,036
State/Local - Other	<u>37,057</u>
Total Revenues	<u>\$ 13,902,454</u>

Total above revenues for calendar year 2018 represent an increase from year 2017 revenues of \$12,879,920 by \$1,023,164 or 8%. The increase was basically the net result of 1) an increase in Section 8 Housing Choice Voucher Funding from HUD totaling \$911,251, 2) smaller increases in Low Income Public Housing/Capital Fund and State/Local – Other revenues, and 3) the inclusion of an entire year of Rolling Road revenues of \$384,678 in 2018, offset by 4) decreases in Supportive Housing Program – Deshon Place I and II, Home Ownership (Net), Chicora Commons and Central Office Cost Center (Net) revenues.

Analysis of Entity Wide Expenditures

Total Operating Expenses for 2018 increased by \$812,738 or 7% as compared by calendar year 2017 expenses of \$12,063,710, mainly due to increased payments made for the Section 8 Housing Choice Voucher program and also partially due to the inclusion of Rolling Road expenses for the entire year in 2018.

Housing Assistance Payments increased by \$571,975 or 7% during calendar year 2018.

Administrative Expenses decreased \$196,863 or 9.7%. This decrease is mainly due to a decrease in Central Office Cost Center costs and a reclassification of Supportive Housing Program – Deshon I and II salaries and benefits from administrative to tenant services expenses in 2018, partially offset by the inclusion of administrative expenses for Rolling Road for the entire year.

Tenant Services costs increased by \$71,663 from 2017 to 2018, mainly as a result of the reclassification of Supportive Housing Program – Deshon I and II salaries and benefits from administrative to tenant services in 2018.

Utilities costs increased by \$101,250 in 2018, due to the inclusion of Rolling Road expenses for the entire year and due to increases in gas and electric rates.

Maintenance and Operations costs for 2018 increased \$163,428 or 15.9% due to the inclusion of Rolling Road expenses for the entire year and due to higher costs for the Franklin Court and Chicora Commons buildings.

Protective Services expenses increased \$19,650 to \$51,586 in 2018 due to increased costs across all programs.

Insurance Premiums increased by \$21,309 in 2018, mainly due to the inclusion of Rolling Road expenses for the entire year, as well as small increases in insurance premium rates.

Other General Expenses increased by \$60,326 or 18.8% in 2018 mainly due to increased Central Office Cost Center costs and due to the inclusion of Rolling Road expenses for the entire year.

Capital Assets and Debt Administration

CAPITAL ASSETS

At December 31, 2018, the Authority had \$19,382,475 invested in capital assets, including land, construction in progress, buildings, leasehold improvements, and furniture and equipment, net of depreciation. These amounts represent a net decrease of \$974,381, or approximately 4.8% from last year due to depreciation and asset dispositions exceeding capital additions. The Authority had approximately \$194,979 in capital additions during the 2018 calendar year. The most significant capital asset additions for the Authority during the year were for construction in progress related to the Authority's Capital Fund Program.

The following is a summary of capital assets at December 31, 2018 and 2017:

	2018	2017
Land	\$ 1,174,247	\$ 1,174,247
Buildings	34,967,674	34,954,050
Furniture, equipment, and machinery - dwellings	1,034,164	1,006,363
Furniture, equipment, and machinery - administrative	863,590	1,022,672
Leasehold improvements	6,611,962	6,544,419
Accumulated depreciation	(25,323,862)	(24,366,793)
Construction in progress	54,700	21,898
Total	<u>\$ 19,382,475</u>	<u>\$ 20,356,856</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 2019 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, 2018

Assets	
Current assets:	
Cash and cash equivalents:	
Cash - unrestricted	\$ 1,576,484
Cash - restricted - modernization and development	19
Cash - other restricted	240,472
Cash - tenant security deposits	77,534
Cash - restricted for payment of current liability	10,072
Total cash and cash equivalents	1,904,581
Accounts receivable - HUD other projects	4,298
Accounts receivable - miscellaneous, net of allowance for doubtful accounts	36,436
Accounts receivable - tenants, net of allowance for doubtful accounts	26,346
Prepaid expenses and other assets	206,480
Inventories	33,535
Assets held for sale	24,500
Total current assets	2,236,176
Noncurrent assets:	
Accounts receivable - miscellaneous, net of allowance for doubtful accounts	783,652
Capital assets, non-depreciable	1,228,947
Capital assets, net of accumulated depreciation	18,153,528
Total noncurrent assets	20,166,127
Total Assets	\$ 22,402,303

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

STATEMENT OF NET POSITION

DECEMBER 31, 2018

(Continued)

Liabilities and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 24,098
Accrued interest payable	7,437
Accounts payable - other government	113,699
Tenant security deposits	77,534
Unearned revenue	128,662
Current portion of long-term debt	321,599
Other current liabilities	43,556
Accrued liabilities - other	179,143
Total current liabilities	<u>895,728</u>
Noncurrent liabilities:	
Long-term debt, net of current portion	5,834,224
Noncurrent liabilities - other	414,184
Loan liability - noncurrent	1,157,638
Total noncurrent liabilities	<u>7,406,046</u>
Total Liabilities	<u>8,301,774</u>
Net Position:	
Net investment in capital assets	12,276,634
Restricted	227,131
Unrestricted	1,596,764
Total Net Position	<u>14,100,529</u>
Total Liabilities and Net Position	<u><u>\$ 22,402,303</u></u>

(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, 2018

Operating Revenues:

Net tenant revenue	\$ 2,723,788
HUD PHA operating grants	10,395,461
Other government grants	269,958
Other revenue	308,865
	<hr/>
Total operating revenues	13,698,072

Operating Expenses:

Housing assistance payments	8,267,039
Administrative	1,831,062
Tenant services	78,934
Utilities	847,140
Maintenance and operations	1,190,226
Protective services	51,586
Insurance premiums	228,945
Other general expenses	381,516
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Total operating expenses	12,876,448

Operating Income	<hr/> 821,624
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Non-Operating Revenues (Expenses):

Gain (loss) on disposal of capital assets	2,905
Interest expense	(195,485)
Depreciation expense	(1,138,154)
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Total non-operating revenues (expenses)	(1,330,734)

Capital Contributions:

HUD capital grants	201,477
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Change in Net Position	(307,633)
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Net position - beginning	<hr/> 14,408,162
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Net position - ending	<hr/> <hr/> \$ 14,100,529
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See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities:

Operating grants received	\$ 10,715,481
Receipts from tenants	2,712,690
Other receipts	258,348
Housing assistance payments	(8,267,039)
Payments for goods and services	(4,570,038)
Payments to employees	(4,487)
Net cash provided by (used in) operating activities	844,955

Cash Flows From Capital and Related Financing Activities:

HUD capital grants	201,477
Acquisition and construction of capital assets	(160,868)
Interest paid on long-term debt	(195,485)
Principal payment on long-term debt	(378,637)
Net cash provided by (used in) capital and related financing activities	(533,513)

Net Increase (Decrease) in Cash and Cash Equivalents 311,442

Cash and Cash Equivalents:

Beginning of year	1,593,139
End of year	\$ 1,904,581

(Continued)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018
(Continued)

Reconciliation of Operating Income to Net Cash

Provided by (Used in) Operating Activities:

Operating income	\$	821,624
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Accounts receivable		(27,731)
Prepaid expenses and other assets		(13,548)
Inventories		(953)
Assets held for sale		(500)
Accounts payable and other liabilities		(3,439)
Accrued interest payable		(382)
Tenant security deposits		(4,297)
Unearned revenue		20,475
Accrued liabilities - other		53,706
Total adjustments		23,331
Net cash provided by (used in) operating activities	\$	844,955

(Concluded)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018

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.

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 2018.

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 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.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

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

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

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.

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, 2018, the entire allowance for doubtful accounts - other related to the amounts owed from the Redevelopment Authority of the City of Butler. Accounts receivable – miscellaneous consists of the following at December 31, 2018:

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Redevelopment Authority of the City of Butler	\$	479,570
Historic Lafayette		357,935
Redevelopment Authority of the County of Butler		381,454
Rolling Road		50,816
Parker Heights		49,315
Supportive Housing		5,851
First time homebuyer assistance		25,533
		<hr/>
		1,350,474
Less: allowance for doubtful accounts		(530,386)
		<hr/>
Total accounts receivable - miscellaneous, net	\$	<u>820,088</u>

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, 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.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 is included in the same net position component (restricted or unrestricted) as the unspent amount.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

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YEAR ENDED DECEMBER 31, 2018

- 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, housing assistance payments within Section 8 Housing Choice Vouchers Program, 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

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the Authority's 2018 financial statements. The adoption of these statements did not impact the financial statements of the Authority.

GASB Statement No. 85, "*Omnibus 2017*," addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurements and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, "*Certain Debt Extinguishment Issues*," improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Disclosures Related to Debt), 89 (Accounting for Interest Cost Incurred

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YEAR ENDED DECEMBER 31, 2018

before the End of a Construction Period), 90 (Majority Equity Interests), and 91 (Conduit Debt Obligations). Management has not yet determined the impact of these statements on the financial statements.

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, 2018, \$538,297 of the Authority's \$1,953,943 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 \$1,904,581 as of December 31, 2018.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Restricted Cash

Cash was restricted at December 31, 2018 for the following purposes:

Family Self-Sufficiency Program	\$ 2,434
Reserve for replacements - Rolling Road	139,447
Reserve for replacements - Chicora Commons	23,128
Housing Choice Voucher Program	77,897
Modernization projects	19
Tenant security deposits	77,534
	<hr/>
Total	<u><u>\$ 320,459</u></u>

3. Capital Assets and Assets Held for Sale

A summary of changes in capital assets during 2018 for the Authority is as follows:

	<u>January 1, 2018</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>December 31, 2018</u>
Capital assets, not being depreciated:				
Land	\$ 1,174,247	\$ -	\$ -	\$ 1,174,247
Construction in progress	21,898	87,314	(54,512)	54,700
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	1,196,145	87,314	(54,512)	1,228,947
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings	34,954,050	21,624	(8,000)	34,967,674
Furniture, equipment, and machinery - dwellings	1,006,363	27,801	-	1,034,164
Furniture, equipment, and machinery - administration	1,022,672	45,209	(204,291)	863,590
Leasehold improvements	6,544,419	67,543	-	6,611,962
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated	43,527,504	162,177	(212,291)	43,477,390
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation	(24,366,793)	(1,138,154)	181,085	(25,323,862)
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated, net	19,160,711	(975,977)	(31,206)	18,153,528
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	<u><u>\$ 20,356,856</u></u>	<u><u>\$ (888,663)</u></u>	<u><u>\$ (85,718)</u></u>	<u><u>\$ 19,382,475</u></u>

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The following schedule summarizes the assets held for sale at December 31, 2018:

526-528 Virginia Avenue	\$	20,616
524 Virginia Avenue		<u>3,884</u>
Total	\$	<u><u>24,500</u></u>

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, 2018 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. The note is collateralized by a mortgage, a regulatory agreement, and a security agreement on the property. The balance outstanding as of December 31, 2018 was \$669,025.

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. The note is collateralized by a regulatory agreement and a security agreement on the Project. The balance outstanding as of December 31, 2018 was \$899,820.

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, 2018. The

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

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property serves as collateral on this note. The outstanding balance at December 31, 2018 was \$363,821.

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 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, 2018 was \$2,132,760.

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, 2018 was \$207,620.

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, 2018 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, 2018 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, 2018 was \$112,800.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018 was \$964,353.

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>
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	235,583	106,496	342,079
2024-2028	928,693	367,519	1,296,212
2029-2033	3,618,547	192,803	3,811,350
2034-2038	920,438	-	920,438
	<u>\$ 6,757,837</u>	<u>\$ 1,200,854</u>	<u>\$ 7,958,691</u>

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018, \$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 \$616,500. The following summarizes the debt service obligation of the Authority on the capital lease obligation as of December 31, 2018:

Year Ending December 31,	Principal	Interest	Total
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	89,085	15,967	105,052
2024-2025	194,404	14,523	208,927
	<u>\$ 555,624</u>	<u>\$ 139,681</u>	<u>\$ 695,305</u>

Due to County Redevelopment Authority

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 contracts with the County Redevelopment Authority for services needed related to administration and maintenance and operations. Responsibility of the employees and related salaries and benefits is that of the County Redevelopment Authority. As a result of this transfer, the Authority agreed to assume the accumulated employee obligations relating to accrued post-employment benefits and accrued compensated absences for these employees at the time of termination. The liabilities outstanding as of December 31, 2018 were \$439,692. In 2018, the Authority entered into a loan agreement with the County Redevelopment Authority for the repayment of the balance in equal annual installments from 2018 through 2032. The amount due to the County Redevelopment Authority is recorded in noncurrent liabilities – other and other current liabilities on the statement of net position.

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

A summary of future payments is as follows:

Year Ending December 31,	Principal
2019	\$ 31,407
2020	31,407
2021	31,407
2022	31,407
2023	31,407
2024-2028	157,035
2029-2032	125,622
	\$ 439,692

Changes in Long-Term Liabilities

The following summarizes the changes in the Authority's long-term liabilities during the year ended December 31, 2018:

	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Notes payable - PHFA	\$ 2,448,683	\$ -	\$ (72,200)	\$ 2,376,483	\$ -
Note payable - Northwest Bank	383,952	-	(20,131)	363,821	20,910
Notes payable - TriState Capital	2,460,860	-	(120,480)	2,340,380	125,040
Note payable - County of Butler	600,000	-	-	600,000	-
Revenue bonds - PHFA	1,078,515	-	(114,162)	964,353	118,979
Capital lease - First Security	607,288	-	(51,664)	555,624	56,670
Note Payable - Cranberry Township	112,800	-	-	112,800	-
Total long-term debt	7,692,098	-	(378,637)	7,313,461	321,599
Noncurrent liabilities - other	4,820	1,079	-	5,899	-
County Redevelopment Authority	471,098	-	(31,406)	439,692	31,407
Total other noncurrent liabilities	475,918	1,079	(31,406)	445,591	31,407
Total long-term liabilities	\$ 8,168,016	\$ 1,079	\$ (410,043)	\$ 7,759,052	\$ 353,006

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

5. 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 2018 for five years through December 31, 2023 with the option for five additional years through December 31, 2028. For the year ended December 31, 2018, the Authority received \$30,000 in rental income. At minimum, the Authority is entitled to receive the following lease payments:

2019	\$	33,000
2020		33,000
2021		33,000
2022		33,000
2023		33,000
		<hr/>
	\$	165,000

6. 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 \$376,401 for advanced operating costs related to the HOME Program, and the Authority is indebted to the County Redevelopment Authority for \$439,692 for costs related to the transfer of employees from the Authority during 2017, as described in Note 4. In addition, in 2018 the County Redevelopment Authority paid the Authority \$20,705 for management, administrative, and inspector services provided, and the Authority paid the County Redevelopment Authority \$2,224,486 for contracted services, work order billing, and contracted emergency grant services provided.

7. 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

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

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insurance coverage in the past three years. There has been no significant reduction in insurance coverage from the coverage in the prior year.

8. 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 2019, 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 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.

SUPPLEMENTARY INFORMATION

**ENTITY-WIDE FINANCIAL
DATA SCHEDULE**

2018															
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	731,855	142,368	1,771	-	72,579	-	11,469	79,971	99,515	250,902	186,054	1,576,484	-	1,576,484
112	Cash - restricted - modernization and development	19	-	-	-	-	-	-	-	-	-	-	19	-	19
113	Cash - other restricted	-	77,897	-	-	-	-	-	-	-	-	162,575	240,472	-	240,472
114	Cash - tenant security deposits	35,122	-	-	-	891	-	797	500	18,294	-	21,930	77,534	-	77,534
115	Cash - restricted for payment of current liability	-	7,638	-	-	-	-	-	-	-	2,434	-	10,072	-	10,072
100	Total Cash	766,996	227,903	1,771	-	73,470	-	12,266	80,471	117,809	253,336	370,559	1,904,581	-	1,904,581
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	4,298	-	-	4,298	-	4,298
124	Accounts receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	5,851	-	-	1,314,038	-	5,052	25,533	1,350,474	-	1,350,474
126	Accounts receivable - tenants	26,920	-	-	-	15	-	1,029	-	1,121	-	170	29,255	-	29,255
126.1	Allowance for doubtful accounts - tenants	(2,692)	-	-	-	(2)	-	(103)	-	(112)	-	-	(2,909)	-	(2,909)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	(530,386)	-	-	-	(530,386)	-	(530,386)
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	24,228	-	-	-	5,864	-	926	783,652	5,307	5,052	25,703	850,732	-	850,732
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	18,877	-	-	-	-	-	-	-	-	133,518	54,085	206,480	-	206,480
143	Inventories	-	-	-	-	-	-	-	-	-	33,535	-	33,535	-	33,535
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	-	-	-	-	178,405	194,950	-	30,745	-	404,100	(404,100)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	24,500	24,500	-	24,500
150	Total Current Assets	810,101	227,903	1,771	-	79,334	-	191,597	1,059,073	123,116	456,186	474,847	3,423,928	(404,100)	3,019,828
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	7,394,993	34,967,674	-	34,967,674
163	Furniture, equipment and machinery - dwellings	718,851	-	-	-	23,658	-	-	-	-	3,075	288,580	1,034,164	-	1,034,164
164	Furniture, equipment and machinery - administration	222,386	22,522	-	-	-	-	-	-	-	566,741	51,941	863,590	-	863,590
165	Leasehold improvements	5,381,248	-	-	-	406,919	-	-	-	70,527	359,528	393,740	6,611,962	-	6,611,962
166	Accumulated depreciation	(18,625,463)	(3,378)	-	-	(424,940)	-	(187,581)	(176,695)	(1,109,798)	(1,345,158)	(3,450,849)	(25,323,862)	-	(25,323,862)
167	Construction in progress	54,700	-	-	-	-	-	-	-	-	-	-	54,700	-	54,700
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	8,631,478	19,144	-	-	5,637	-	1,313,066	489,823	3,248,078	568,029	5,107,220	19,382,475	-	19,382,475
171	Notes, Loans, & Mortgages Receivable – non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
172	Notes, Loans, & Mortgages Receivable – non-current - past due	-	-	-	-	-	-	-	-	-	-	-	-	-	-
173	Grants receivable – non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
176	Investment in Joint Venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	8,631,478	19,144	-	-	5,637	-	1,313,066	489,823	3,248,078	568,029	5,107,220	19,382,475	-	19,382,475
190	Total Assets	9,441,579	247,047	1,771	-	84,971	-	1,504,663	1,548,896	3,371,194	1,024,215	5,582,067	22,806,403	(404,100)	22,402,303

2018																
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	-	1,242	-	-	2,210	-	-	565	8,897	-	11,184	24,098	-	24,098	
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	-	-	-	-	-	-	-	-	7,437	-	-	7,437	-	7,437	
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
333	Accounts payable - other government	107,102	-	-	-	5,728	-	-	869	-	-	-	113,699	-	113,699	
341	Tenant security deposits	35,122	-	-	-	891	-	797	500	18,294	-	21,930	77,534	-	77,534	
342	Unearned Revenue	30,924	-	-	-	33	-	3	-	483	-	97,219	128,662	-	128,662	
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	175,649	-	-	-	-	-	-	20,910	58,800	-	-	255,359	-	255,359	
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	66,240	-	-	66,240	-	66,240	
345	Other current liabilities	-	7,638	-	-	-	-	-	3,388	-	31,440	1,090	43,556	-	43,556	
346	Accrued liabilities - other	-	19,844	-	-	-	-	-	-	-	146,739	12,560	179,143	-	179,143	
347	Inter-program - due to	-	-	-	-	178,405	-	194,950	30,745	-	-	-	404,100	(404,100)	-	
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
310	Total Current Liabilities	348,797	28,724	-	-	187,267	-	195,750	56,977	160,151	178,179	143,983	1,299,828	(404,100)	895,728	
351	Capital Projects/Mortgage Revenue Bonds	1,344,328	-	-	-	-	-	-	342,911	2,073,960	-	1,931,645	5,692,844	-	5,692,844	
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	141,380	-	-	141,380	-	141,380	
353	Non-current liabilities - other	5,899	-	-	-	-	-	-	-	-	408,285	-	414,184	-	414,184	
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	Total Non-Current Liabilities	1,350,227	-	-	-	-	-	807,638	342,911	2,215,340	408,285	2,281,645	7,406,046	-	7,406,046	
300	Total Liabilities	1,699,024	28,724	-	-	187,267	-	1,003,388	399,888	2,375,491	586,464	2,425,628	8,705,874	(404,100)	8,301,774	
508.1	Net Investment in Capital Assets	7,111,501	19,144	-	-	5,637	-	505,428	126,002	1,115,318	568,029	2,825,575	12,276,634	-	12,276,634	
511.1	Restricted Net Position	19	64,537	-	-	-	-	-	-	-	-	162,575	227,131	-	227,131	
512.1	Unrestricted Net Position	631,035	134,642	1,771	-	(107,933)	-	(4,153)	1,023,006	(119,615)	(130,278)	168,289	1,596,764	-	1,596,764	
513	Total Equity - Net Position	7,742,555	218,323	1,771	-	(102,296)	-	501,275	1,149,008	995,703	437,751	3,156,439	14,100,529	-	14,100,529	
600	Total Liabilities and Equity/Net Position	9,441,579	247,047	1,771	-	84,971	-	1,504,663	1,548,896	3,371,194	1,024,215	5,582,067	22,806,403	(404,100)	22,402,303	

2018																
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	1,687,606	-	-	-	23,578	-	28,798	9,612	404,252	-	568,017	2,721,863	-	2,721,863	
70400	Tenant revenue - other	1,925	-	-	-	-	-	-	-	-	-	-	1,925	-	1,925	
70500	Total Tenant Revenue	1,689,531	-	-	-	23,578	-	28,798	9,612	404,252	-	568,017	2,723,788	-	2,723,788	
70600-010	Housing assistance payments		7,819,967	456,569	-								8,276,536	-	8,276,536	
70600-020	Ongoing administrative fees earned		761,710	56,298	48,693								866,701	-	866,701	
70600	HUD PHA operating grants	1,200,961	8,581,677	512,867	48,693	-	-	-	-	51,263	-	-	10,395,461	-	10,395,461	
70610	Capital grants	201,477	-	-	-	-	-	-	-	-	-	-	201,477	-	201,477	
70710	Management fee	-	-	-	-	-	-	-	-	-	686,539	-	686,539	(686,539)	-	
70720	Asset management fee	-	-	-	-	-	-	-	-	-	34,596	-	34,596	(34,596)	-	
70730	Bookkeeping fee	-	-	-	-	-	-	-	-	-	168,840	-	168,840	(168,840)	-	
70740	Front line service fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70750	Other fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	889,975	-	889,975	(889,975)	-	
70800	Other government grants	-	-	-	-	46,835	-	45,235	-	-	177,888	106,618	376,576	(106,618)	269,958	
71100	Investment income - unrestricted	-	-	-	-	-	-	-	-	-	-	565	565	-	565	
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	109,420	39,603	-	-	6,814	-	6,676	103,483	2,521	69,617	260,703	598,837	(292,422)	306,415	
71600	Gain or loss on sale of capital assets	480	-	-	-	-	-	-	-	-	2,425	-	2,905	-	2,905	
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	1,885	1,885	-	1,885	
70000	Total Revenue	3,201,869	8,621,280	512,867	48,693	77,227	-	80,709	113,095	458,036	1,139,905	937,788	15,191,469	(1,289,015)	13,902,454	
91100	Administrative salaries	-	-	-	48,693	-	-	-	-	-	-	51,285	99,978	(99,978)	-	
91200	Auditing fees	11,078	4,011	-	-	191	-	191	-	955	4,149	18,023	38,598	-	38,598	
91300	Management fee	385,311	192,672	13,944	-	-	-	-	-	37,098	-	57,514	686,539	(686,539)	-	
91310	Book-keeping Fee	39,706	120,420	8,715	-	-	-	-	-	-	-	-	168,841	(168,841)	-	
91400	Advertising and marketing	93	580	-	-	-	-	-	-	-	1,531	38	2,242	-	2,242	
91500	Employee benefit contributions - administrative	14	-	-	-	-	-	-	-	-	4,473	11,831	16,318	(11,831)	4,487	
91600	Office expenses	23,962	47,928	-	-	218	-	199	-	1,464	14,304	92,529	166,491	(76,038)	16,491	
91700	Legal expense	19,245	2,649	-	-	473	-	473	132	700	10,392	428	34,492	-	34,492	
91800	Travel	2,536	1,181	-	-	90	-	87	-	479	6,591	2,268	13,232	-	13,232	
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
91900	Other	369,301	330,729	33,639	-	6,493	-	6,937	5,483	24,350	701,731	271,894	1,750,557	(29,037)	1,721,520	
91000	Total Operating-Administrative	851,246	700,170	56,298	48,693	7,465	-	7,887	5,615	65,046	743,171	417,735	2,903,326	(1,072,264)	1,831,062	
92000	Asset Management Fee	34,596	-	-	-	-	-	-	-	-	-	-	34,596	(34,596)	-	
92100	Tenant services - salaries	51,720	160	-	-	-	-	-	-	10,359	-	10,605	72,844	(72,844)	-	
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
92400	Tenant services - other	5,082	-	-	-	34,341	-	33,264	-	-	-	6,247	78,934	-	78,934	
92500	Total Tenant Services	56,802	160	-	-	34,341	-	33,264	-	10,359	-	16,852	151,778	(72,844)	78,934	
93100	Water	75,628	1,587	-	-	1,100	-	1,215	324	28,560	1,902	10,842	121,158	-	121,158	
93200	Electricity	193,669	3,614	-	-	6,983	-	7,717	-	12,631	11,819	59,763	296,196	-	296,196	
93300	Gas	201,100	2,748	-	-	5,774	-	6,382	-	-	4,428	6,287	226,719	-	226,719	
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
93600	Sewer	146,182	756	-	-	4,320	-	4,320	600	20,115	432	26,342	203,067	-	203,067	
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
93000	Total Utilities	616,579	8,705	-	-	18,177	-	19,634	924	61,306	18,581	103,234	847,140	-	847,140	
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
94200	Ordinary maintenance and operations - materials and other	117,295	-	-	-	2,177	-	709	-	11,039	5,376	13,311	149,907	-	149,907	
94300	Ordinary Maintenance and Operations Contracts	722,705	2,935	-	-	12,118	-	12,451	7,589	84,452	31,554	157,628	1,031,432	-	1,031,432	
94500	Employee benefit contribution - ordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
94000	Total Maintenance and Operations	840,000	2,935	-	-	14,295	-	13,160	7,589	95,491	36,930	170,939	1,181,339	-	1,181,339	
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
95200	Protective services - other contract costs	38,232	-	-	-	-	-	-	-	4,169	598	8,587	51,586	-	51,586	
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
95000	Total Protective Services	38,232	-	-	-	-	-	-	-	4,169	598	8,587	51,586	-	51,586	
96110	Property insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96120	Liability Insurance	-	-	-	-	-	-	-	-	2,996	-	362	3,358	-	3,358	
96130	Workmen's compensation	5,988	6,104	-	-	-	-	-	-	-	11,231	2,693	26,016	(2,693)	23,323	
96140	All other insurance	123,238	13,556	-	-	2,949	-	6,764	309	11,188	11,601	32,659	202,264	-	202,264	
96100	Total Insurance Premiums	129,226	19,660	-	-	2,949	-	6,764	309	14,184	22,832	35,714	231,638	(2,693)	228,945	

2018																
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	-	-	-	-	-	-	-	64,305	-	177,888	55,071	297,264	(106,618)	190,646	
96210	Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96300	Payments in lieu of taxes	107,102	-	-	-	-	-	-	869	-	-	48,821	156,792	-	156,792	
96400	Bad debt - tenant rents	24,405	-	-	-	68	-	305	-	2,816	-	-	27,594	-	27,594	
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96600	Bad debt - other	-	6,484	-	-	-	-	-	-	-	-	-	6,484	-	6,484	
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96000	Total Other General Expenses	131,507	6,484	-	-	68	-	305	65,174	2,816	177,888	103,892	488,134	(106,618)	381,516	
96710	Interest of mortgage (or bonds) payable	91,620	-	-	-	-	-	-	14,249	80,759	-	-	186,628	-	186,628	
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-	-	-	8,857	-	-	8,857	-	8,857	
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96700	Total Interest Expense and Amortization Cost	91,620	-	-	-	-	-	-	14,249	89,616	-	-	195,485	-	195,485	
96900	Total Operating Expenses	2,789,808	738,114	56,298	48,693	77,295	-	81,014	93,860	342,987	1,000,000	856,953	6,085,022	(1,289,015)	4,796,007	
97000	Excess Revenue Over Operating Expenses	412,061	7,883,166	456,569	-	(68)	-	(305)	19,235	115,049	139,905	80,835	9,106,447	-	9,106,447	
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	8,887	8,887	-	8,887	
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
97300	Housing assistance payments	-	7,755,430	475,090	-	-	-	-	-	-	-	-	8,230,520	-	8,230,520	
97350	HAP Portability-In	-	36,519	-	-	-	-	-	-	-	-	-	36,519	-	36,519	
97400	Depreciation expense	708,717	3,378	-	-	587	-	37,516	23,275	112,132	44,075	208,474	1,138,154	-	1,138,154	
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
90000	Total Expenses	3,498,525	8,533,441	531,388	48,693	77,882	-	118,530	117,135	455,119	1,044,075	1,074,314	15,499,102	(1,289,015)	14,210,087	
10010	Operating transfer in	140,000	-	-	-	-	-	-	-	-	-	-	140,000	(140,000)	-	
10020	Operating transfer out	(140,000)	-	-	-	-	-	-	-	-	-	-	(140,000)	140,000	-	
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(296,656)	87,839	(18,521)	-	(655)	-	(37,821)	(4,040)	2,917	95,830	(136,526)	(307,633)	-	(307,633)	
11020	Required Annual Debt Principal Payments	175,649	-	-	-	-	-	-	20,910	58,800	-	-	255,359	-	255,359	
11030	Beginning equity	8,039,211	130,484	20,292	-	(101,641)	-	539,096	1,080,848	992,786	341,921	3,365,165	14,408,162	-	14,408,162	
11040-010	Equity Transfers - Partnership Distribution	-	-	-	-	-	-	-	72,200	-	-	(72,200)	-	-	-	
11040	Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-	-	-	-	-	72,200	-	-	(72,200)	-	-	-	
11170-001	Administrative Fee Equity - Beginning Balance		130,484										130,484	-	130,484	
11170-010	Administrative Fee Revenue		761,710										761,710	-	761,710	
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		39,603										39,603	-	39,603	
11170-051	Comment for Other Revenue													-		
11170-060	Total Admin Fee Revenues		801,313										801,313	-	801,313	
11170-080	Total Operating Expenses		738,114										738,114	-	738,114	
11170-090	Depreciation		3,378										3,378	-	3,378	
11170-095	HAP port in		36,519										36,519	-	36,519	
11170-100	Other Expenses													-		
11170-101	Comment for Other Expense													-		
11170-110	Total Expenses		778,011										778,011	-	778,011	
11170-002	Net Administrative Fee		23,302										23,302	-	23,302	
11170-003	Administrative Fee Equity - Ending Balance		153,786										153,786	-	153,786	
11170	Administrative Fee Equity		153,786										153,786	-	153,786	

2018																
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		-										-	-	-	
11180-010	Housing Assistance Payments Revenue		7,819,967										7,819,967	-	7,819,967	
11180-015	Fraud Recovery Revenue		-										-	-	-	
11180-020	Other revenue		-										-	-	-	
11180-021	Comment for other revenue		-										-	-	-	
11180-025	Investment Income		-										-	-	-	
11180-030	Total HAP revenues		7,819,967										7,819,967	-	7,819,967	
11180-080	Housing Assistance Payments		7,755,430										7,755,430	-	7,755,430	
11180-090	Other expense		-										-	-	-	
11180-091	Comment for other expense		-										-	-	-	
11180-100	Total Housing Assistance Payments Expense		7,755,430										7,755,430	-	7,755,430	
11180-002	Net Housing Assistance Payments		64,537										64,537	-	64,537	
11180-003	Housing Assistance Payment Equity - Ending Balance		64,537										64,537	-	64,537	
11180	Housing Assistance Payments Equity		64,537										64,537	-	64,537	
11190	Unit Months Available	5,386	17,326	1,200	-	120	-	120	12	552	-	924	25,640	-	25,640	
11210	Unit Months Leased	5,294	16,056	1,162	-	80	-	99	12	528	-	906	24,137	-	24,137	
11270	Excess Cash	220,431											220,431	-	220,431	
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11620	Building Purchases	87,315											87,315	-	87,315	
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13510	CFFP Debt Service Payments	114,162	-	-	-	-	-	-	-	-	-	-	114,162	-	114,162	
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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

2018					
Line Item No.	Description	AMP 13	AMP 249	AMP 568	Total Low Income Public Housing
111	Cash - unrestricted	418,255	302,367	11,233	731,855
112	Cash - restricted-modernization and development	19	-	-	19
113	Cash - other restricted	-	-	-	-
114	Cash - tenant security deposits	17,325	14,447	3,350	35,122
115	Cash - Restricted for payment of current liability	-	-	-	-
100	Total Cash	435,599	316,814	14,583	766,996
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-
126	Accounts receivable - tenants	5,519	4,012	17,389	26,920
126.1	Allowance for doubtful accounts - tenants	(552)	(401)	(1,739)	(2,692)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans, & mortgages receivable - current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	4,967	3,611	15,650	24,228
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	-	-	18,877	18,877
143	Inventories	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter-program - due from	-	-	-	-
145	Assets held for sale	-	-	-	-
150	Total Current Assets	440,566	320,425	49,110	810,101
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	2,134,805	2,578,264	668,179	5,381,248
166	Accumulated depreciation	(8,863,140)	(7,402,819)	(2,359,504)	(18,625,463)
167	Construction in progress	54,700	-	-	54,700
168	Infrastructure	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	4,788,760	2,949,826	892,892	8,631,478
171	Notes, Loans, & Mortgages Receivable – non-current	-	-	-	-
172	Notes, Loans, & Mortgages Receivable – non-current - past due	-	-	-	-
173	Grants receivable – non-current	-	-	-	-
174	Other Assets	-	-	-	-
176	Investment in Joint Venture	-	-	-	-
180	Total Non-Current Assets	4,788,760	2,949,826	892,892	8,631,478
190	Total Assets	5,229,326	3,270,251	942,002	9,441,579

2018					
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	49,589	53,958	3,555	107,102
341	Tenant security deposits	17,325	14,447	3,350	35,122
342	Unearned Revenue	17,632	12,796	496	30,924
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	140,340	28,740	6,569	175,649
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	Total Current Liabilities	224,886	109,941	13,970	348,797
351	Capital Projects/Mortgage Revenue Bonds	1,033,447	253,040	57,841	1,344,328
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	3,321	2,434	144	5,899
354	Accrued compensated absences - non-current	-	-	-	-
355	Loan Liability - Non-current	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	Total Non-Current Liabilities	1,036,768	255,474	57,985	1,350,227
300	Total Liabilities	1,261,654	365,415	71,955	1,699,024
508.1	Net Investment in Capital Assets	3,614,973	2,668,046	828,482	7,111,501
511.1	Restricted Net Position	19	-	-	19
512.1	Unrestricted Net Position	352,680	236,790	41,565	631,035
513	Total Equity - Net Position	3,967,672	2,904,836	870,047	7,742,555
600	Total Liabilities and Equity/Net Position	5,229,326	3,270,251	942,002	9,441,579

2018					
Line Item No.	Description	Total AMP 13	Total AMP 249	Total AMP 568	Total Low Income Public Housing
70300	Net tenant rental revenue	844,461	726,338	116,807	1,687,606
70400	Tenant revenue - other	835	1,030	60	1,925
70500	Total Tenant Revenue	845,296	727,368	116,867	1,689,531
70600	HUD PHA operating grants	620,115	289,074	291,772	1,200,961
70610	Capital grants	201,477	-	-	201,477
70710	Management fee	-	-	-	-
70720	Asset management fee	-	-	-	-
70730	Book-keeping fee	-	-	-	-
70740	Front line service fee	-	-	-	-
70750	Other fees	-	-	-	-
70700	Total Fee Revenue	-	-	-	-
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	67,748	17,492	24,180	109,420
71600	Gain or loss on sale of capital assets	480	-	-	480
72000	Investment income - restricted	-	-	-	-
70000	Total Revenue	1,735,116	1,033,934	432,819	3,201,869
91100	Administrative salaries	-	-	-	-
91200	Auditing fees	5,539	4,393	1,146	11,078
91300	Management fee	195,083	152,316	37,912	385,311
91310	Book-keeping Fee	20,070	15,743	3,893	39,706
91400	Advertising and marketing	37	56	-	93
91500	Employee benefit contributions - administrative	14	-	-	14
91600	Office expenses	12,221	10,134	1,607	23,962
91700	Legal expense	4,278	2,694	12,273	19,245
91800	Travel	1,293	989	254	2,536
91810	Allocated Overhead	-	-	-	-
91900	Other	188,355	143,455	37,491	369,301
91000	Total Operating-Administrative	426,890	329,780	94,576	851,246
92000	Asset Management Fee	13,606	20,990	-	34,596
92100	Tenant services - salaries	26,853	19,622	5,245	51,720
92200	Relocation costs	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-
92400	Tenant services - other	2,460	2,622	-	5,082
92500	Total Tenant Services	29,313	22,244	5,245	56,802
93100	Water	36,191	23,431	16,006	75,628
93200	Electricity	103,394	73,982	16,293	193,669
93300	Gas	108,626	63,824	28,650	201,100
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	100,358	25,520	20,304	146,182
93700	Employee benefit contributions - utilities	-	-	-	-
93800	Other utilities expense	-	-	-	-
93000	Total Utilities	348,569	186,757	81,253	616,579
94100	Ordinary maintenance and operations - labor	-	-	-	-
94200	Ordinary maintenance and operations - materials and other	50,893	27,727	38,675	117,295
94300	Ordinary Maintenance and Operations Contracts	332,477	251,930	138,298	722,705
94500	Employee benefit contribution - ordinary maintenance	-	-	-	-
94000	Total Maintenance and Operations	383,370	279,657	176,973	840,000
95100	Protective services - labor	-	-	-	-
95200	Protective services - other contract costs	15,461	9,502	13,269	38,232
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-
95000	Total Protective Services	15,461	9,502	13,269	38,232

2018					
Line Item No.	Description	Total AMP 13	Total AMP 249	Total AMP 568	Total Low Income Public Housing
96110	Property insurance	-	-	-	-
96120	Liability insurance	-	-	-	-
96130	Workmen's compensation	2,994	2,339	655	5,988
96140	All other insurance	52,949	36,298	33,991	123,238
96100	Total Insurance Premiums	55,943	38,637	34,646	129,226
96200	Other general expenses	-	-	-	-
96210	Compensated absences	-	-	-	-
96300	Payments in lieu of taxes	49,589	53,958	3,555	107,102
96400	Bad debt - tenant rents	6,930	2,754	14,721	24,405
96500	Bad debt - mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96800	Severance expense	-	-	-	-
96000	Total Other General Expenses	56,519	56,712	18,276	131,507
96710	Interest of mortgage (or bonds) payable	74,204	13,862	3,554	91,620
96720	Interest on notes payable (short and long term)	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-
96700	Total Interest expense and amortization cost	74,204	13,862	3,554	91,620
96900	Total Operating Expenses	1,403,875	958,141	427,792	2,789,808
97000	Excess Revenue Over Operating Expenses	331,241	75,793	5,027	412,061
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	-	-	-	-
97350	HAP Portability-In	-	-	-	-
97400	Depreciation expense	303,275	310,915	94,527	708,717
97500	Fraud losses	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	Total Expenses	1,707,150	1,269,056	522,319	3,498,525
10010	Operating transfer in	43,666	46,667	49,667	140,000
10020	Operating transfer out	(43,666)	(46,667)	(49,667)	(140,000)
10070	Extraordinary items, net gain/loss	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	27,966	(235,122)	(89,500)	(296,656)
11020	Required Annual Debt Principal Payments	140,340	28,740	6,569	175,649
11030	Beginning equity	3,939,706	3,139,958	959,547	8,039,211
11040-010	Prior period adjustments	-	-	-	-
11040-020	Equity Transfers	-	-	-	-
11040	Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-	-
11190	Unit Months Available	2,698	2,124	564	5,386
11210	Unit Months Leased	2,676	2,099	519	5,294
11270	Excess Cash	106,320	132,914	(18,803)	220,431
11610	Land Purchases	-	-	-	-
11620	Building Purchases	87,315	-	-	87,315
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-
13510	CFFP Debt Service Payments	114,162	-	-	114,162
13901	Replacement Housing Factor Funds	-	-	-	-

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

ACTUAL MODERNIZATION COST CERTIFICATE

	<u>PA28P010501-17</u>	
Funds Approved	\$	477,674
Funds Disbursed	\$	477,674
Funds Expended (Actual Modernization Cost)	\$	477,674
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, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
Public and Indian Housing	14.850	N/A	\$ -	\$ 934,884
Section 8 Housing Choice Vouchers / Housing Voucher Cluster	14.871	N/A	36,519	8,552,585
Public Housing Capital Fund	14.872	N/A	-	467,554
Supportive Housing for Persons with Disabilities	14.181	N/A	-	512,867
Continuum of Care Program	14.267	N/A	-	51,263
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	-	48,693
Total Expenditures of Federal Awards			<u>\$ 36,519</u>	<u>\$ 10,567,846</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, 2018

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, 2018. 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, 2018

**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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 29, 2019.

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
July 29, 2019

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

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

Report on Compliance for Each 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 each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of the Authority's major federal programs 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 each 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 Each Major Program and on Internal Control
over Compliance

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2018.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

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

Maher Duessel

Pittsburgh, Pennsylvania
July 29, 2019

HOUSING AUTHORITY OF THE COUNTY OF BUTLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

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)

14.850

14.871

Name of Federal Program or Cluster

Public and Indian Housing

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, 2018

NO FINDINGS IN PRIOR YEAR