

LEHIGH COUNTY HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

WITH

REPORT OF INDEPENDENT AUDITORS

AND

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LEHIGH COUNTY HOUSING AUTHORITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Page</u>
Report of Independent Auditors	1-3
Management's Discussion and Analysis	4-14
Financial Statements:	
Statements of Net Position	15-16
Statements of Revenues, Expenses, and Changes in Net Position	17
Statements of Cash Flows	18-19
Notes to Financial Statements	20-39
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance	42-43
Schedule of Expenditures of Federal Awards	44
Notes to Schedule of Expenditures of Federal Awards	45-46
Schedule of Findings and Questioned Costs	47-48
Financial Data Schedule	49-56



REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Lehigh County Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Lehigh County Housing Authority as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, as listed in the accompanying 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider 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.



NOVOGRADAC & COMPANY LLP

P 732.503.4257

F 732.341.1424

W www.novoco.com

OFFICE 1433 Hooper Avenue, Suite 329
Toms River, New Jersey 08753

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Lehigh County Housing Authority as of December 31, 2017 and 2016, and the changes in its net position and its cash flows for the years 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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the 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 16, 2018 on our consideration of the Lehigh County Housing 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 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 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 Lehigh County Housing Authority's internal control over financial reporting and compliance.

Novogradec & Company LLP

July 16, 2018
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

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

Contacting The Authority - This 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 information should be addressed to: Daniel Beers, Executive Director, Lehigh County Housing Authority, 635 Broad St., Emmaus, Pennsylvania 18049.

Special Conditions and Economic Factors - Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Overview of the Financial Statements

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following information is included:

The Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

Net Investment in Capital Assets

This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position:

This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position:

Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

Statement of Revenues, Expenses, and Change in Net Position

Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenues and Expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the fiscal year.

Notes to the Financial Statements

Provide additional information that is essential to a full understanding of the data provided in the financial statements.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authority's finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned or incurred regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in it. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actual does. The following is a brief description of the programs and services that the Authority provides for the residents of Lehigh County:

Public and Indian Housing (LIPH)

The Authority has 289 units in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities costs for all units. The units must be maintained in accordance with HUD established housing quality standards. An annual inspection of each unit must be performed by the Housing Authority to assure that they meet or exceed these standards. Each Authority Public Housing building, and the units that comprise those buildings, are subject to random third party inspections as directed by HUD. In addition, the Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Fund Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD. HUD funds the difference between these allowable costs incurred for all units leased and the actual tenant revenue generated. Tenant rent is based on 30% of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress. Actual funding is made by HUD, by formula, in accordance with total funds appropriated by Congress

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority to provide support for the Section 8 Housing Choice Vouchers Program. The Authority pays housing assistance payments to landlords for low income tenants. The housing assistance payment matches the difference between the total rent that the landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted income.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Section 8 Housing Choice Vouchers (HCV) (continued)

In 2017, there were 14,526 unit months of voucher payments, compared to 14,241 in 2016. The average voucher payment in 2017 was \$629, compared to \$579 in 2016. Total HUD HAP and administrative contributions of \$9,953,870 in 2017 was \$953,323 more than the amount in 2016.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program. However, they are responsible for annually inspecting the units to assure that they meet or exceed HUD established housing quality standards.

Section 8 Moderate Rehabilitation Program

This program assists very low-income individuals in obtaining decent, safe, and sanitary housing in privately owned, rehabilitated buildings. Under this program, HUD entered into annual contributions contracts (ACCs) with the Authority to provide rental assistance payments to participating landlords on behalf of the individuals who rent the rehabilitated dwellings. The rental assistance payments generally cover the difference between 30 percent of the tenant's adjusted income and the unit's rent, which must be within the fair market limit established by HUD.

Section 8 New Construction / Substantial Rehabilitation Program

The Authority operates a Section 8 Multi-Family Program in the County. The fair market rent charged for all units is the same. The amount that can be paid by a tenant is based on the income of the tenant. The Authority requests on a monthly basis funding from HUD to pay for the difference between the rent that can be paid by a tenant and the fair market rent. The Authority is responsible for the management, maintenance and upkeep of this site.

Capital Fund Program

Tenant Revenues generated by the Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance. The purpose of the Capital Fund grants is to give funds to the Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority. This grant program is awarded by HUD, by formula allocation, on an annual basis.

The Authority generally has two years to obligate the funds from these capital fund grants, and three to four years to fully expend them. As formal contracts are awarded from this program, funds are requisitioned from HUD to pay periodic requests from the contractors. Work completed under this grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into the Capital Assets. Depreciation begins at this point.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Continuum of Care Program ("COC")

The COC program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and state and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Rural Rental Assistance Program

This program consists of grants that are meant to meet rural communities' housing and economic development needs. Recent appropriations acts have provided funding for this program, which is used to encourage new and innovative approaches to serving the housing and economic development needs of the nation's rural communities.

Business Activities

In addition to the programs mentioned above, the Authority administers other programs for the low income individuals in Lehigh County.

Analysis of Net Position (Statements of Net Position) as of December 31, 2017

Total Net Position for FY 2017 was \$15,458,256 and for FY 2016 the amount was \$15,023,824. This represents an overall net increase of \$434,432 or 2.9%.

Cash and Cash Equivalents (excluding restricted cash) increased from \$8,242,033 in FY 2016 to \$8,344,173 in FY 2017, or by \$102,140 or 1.2%. The change in the Authority's cash balance is primarily due to the Authority generating cash from operations from their non-federal affordable housing properties.

Restricted Cash increased from \$1,728,765 in FY 2016 to \$1,798,288 in FY 2017, or by \$69,523 or 4%. The increase was primarily due to an increase in HUD reserves.

Capital Assets, net increased to \$17,627,297 in FY 2017 from \$17,120,343 in FY 2016, or by \$506,954 or 3%. This increase is primarily due to capital acquisitions in the amount of \$2,104,645 exceeding annual depreciation expense of \$1,463,970 and net dispositions of \$70,019.

Notes Receivable / Due from Affiliate decreased to \$200,000 in FY 2017 from \$218,964 in FY 2016, or by \$18,964, or 8.7%. This amount is primarily due to repayment of affiliate loans from the non-federal affordable housing projects which requires expense allocation at year end. The advances are temporary and expected to be repaid periodically.

Loans Payable increased to \$11,967,563 in FY 2017 from \$10,920,279 in FY 2016, or by \$1,047,284, or 9.6%. This increase was primarily a result of the Authority receiving proceeds from the issuance of debt in the amount of \$1,511,000, which was offset by the payment of debt in the amount of \$463,716.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Analysis of Net Position (Statement of Net Position) as of December 31, 2017 (continued)

	2017	2016	Net Change	Percent Variance
Cash & Investments	\$ 8,344,173	\$ 8,242,033	\$ 102,140	1.2%
Receivables (net)	88,201	19,017	69,184	363.8%
Prepaid expenses	120,462	28,662	91,800	320.3%
Restricted Cash	1,798,288	1,728,765	69,523	4.0%
Notes Receivable / Due From Affiliate	200,000	218,964	(18,964)	-8.7%
Capital Assets	17,627,297	17,120,343	506,954	3.0%
Total Assets	\$ 28,178,421	\$ 27,357,784	\$ 820,637	3.0%
Current Liabilities	1,051,581	1,633,603	(582,022)	-35.6%
Non Current Liabilities	11,668,584	10,700,357	968,227	9.0%
Total Liabilities	12,720,165	12,333,960	386,205	3.1%
Net Investment in Capital Assets	5,659,734	6,200,064	(540,330)	-8.7%
Restricted Net Position	1,445,056	1,358,016	87,040	6.4%
Unrestricted Net Position	8,353,466	7,465,744	887,722	11.9%
Total Net Position	15,458,256	15,023,824	434,432	2.9%
Total Liabilities and Net Position	\$ 28,178,421	\$ 27,357,784	\$ 820,637	3.0%

Analysis of Program Revenues for the year ended December 31, 2017

The Authority administers the following programs and revenue generated during FY 2017 was, as follows:

Public and Indian Housing (LIPH)	\$ 1,478,797
Public Housing Capital Fund Program (CFP)	173,038
Central Office Cost Center (COCC)	146,470
Section 8 Housing Choice Vouchers (S8HCV)	10,060,307
Section 8 New Construction (S8NC)	88,580
Section 8 Mod Rehab (S8MR)	77,902
Continuum of Care (COC)	225,184
Rural Rental Housing (RRH)	207,741
PIH Family Self Sufficiency (FSS)	44,892
State and Local Funds (S&L)	279,441
Business Activities (BA)	3,362,666
Total Revenue	\$ 16,145,018

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Analysis of Operating Revenues for the year ended December 31, 2017

Total operating revenues for Fiscal Year 2016 were \$14,879,532 as compared to \$15,959,221 of total revenues for Fiscal Year 2017. Comparatively, FY 2017 revenues exceeded FY 2016 revenues by \$1,079,689, or by 7.3%. The primary reason for this change was due to increases in tenant revenues, other revenues, and HUD grants and other grants.

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>	<u>Pct. Change</u>
Total Tenant Revenue	\$ 3,970,706	\$ 3,916,631	\$ 54,075	1.4%
HUD & Other Grants	11,085,335	10,149,934	935,401	9.2%
Other Revenue	<u>903,180</u>	<u>812,967</u>	<u>90,213</u>	11.1%
Total Revenue	<u>\$ 15,959,221</u>	<u>\$ 14,879,532</u>	<u>\$ 1,079,689</u>	7.3%

Analysis of Entity Wide Expenditures for the year ended December 31, 2017

Total Operating Expenses for FY 2017 were \$15,426,610 as compared to the \$14,139,809 of total operating expenses for FY 2016. This represents an overall increase of \$1,286,801, or 9.1%.

Administrative Expense for 2017 totaled \$2,098,266 as compared to \$1,929,780 in FY 2016. This represents an increase of \$168,486 or 8.7%. Increases in salaries, benefits and other administrative expenses contributed to the increase.

Maintenance Expense for FY 2017 was \$1,455,035 as compared to \$1,423,475 in FY 2016. This represents an increase of \$31,560 or 2.2%. An increase in contract costs was the primary reason for the increase from 2016 to 2017.

Housing Assistance Payments for FY 2016 were \$8,493,950 as compared to \$9,440,010 for FY 2017. This represents an increase of \$946,160 or 11.1%. In 2017, the Authority had 285 more unit months under lease and the average housing assistance payment increased by \$50 per unit month.

Depreciation expense increased to \$1,463,970 in FY 2017 from \$1,403,515 in FY 2016, or by \$60,455 or 4.3%. The increase is primarily due to additions of \$2,104,645 during the year.

Interest expense decreased from \$323,648 in FY 2016 to \$317,418 in FY 2017. The decrease was due to the Authority issuing new debt towards the end of the fiscal year and not accruing a full year of interest, which was offset by principal being paid down on loans in the amount of \$463,716.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Analysis of Entity Wide Expenditures for the year ended December 31, 2017
(continued)

The table below illustrates our analysis:

	2017	2016	Net Change	Pct. Change
Administrative	\$ 2,098,266	\$ 1,929,780	\$ 168,486	8.73%
Tenant services	36,546		36,546	100.00%
Utilities	578,403	524,890	53,513	10.20%
Maintenance	1,455,035	1,423,475	31,560	2.22%
Insurance & General	353,737	363,462	(9,725)	-2.68%
Protective Services	543	737	(194)	-26.32%
Housing Assistance Payments	9,440,110	8,493,950	946,160	11.14%
Depreciation	1,463,970	1,403,515	60,455	4.31%
Total Operating Expenses	\$ 15,426,610	\$ 14,139,809	\$ 1,286,801	9.10%

Analysis of Net Position (Statement of Net Position) as of December 31, 2016

Total Net Position for FY 2016 was \$15,023,824 and for FY 2015 the amount was \$14,354,681. This represents an overall net increase of \$669,143 or 4.7%.

Cash and Cash Equivalents (excluding restricted cash) increased from \$6,356,783 in FY 2015 to \$8,242,033 in FY 2016, or by \$1,885,250 or 29.7%. The change in the Authority's cash balance is primarily due to the Authority generating cash from operations from their non-federal affordable housing properties.

Restricted Cash decreased from \$1,746,121 in FY 2015 to \$1,728,765 in FY 2016 or by \$17,356 or 1%. The decrease was primarily due to HUD underfunding housing assistance payments in the Section 8 Housing Choice Vouchers Program, an increase in Project Escrow amounts and a decrease in FSS program escrows.

Capital Assets, net decreased to \$17,120,343 in FY 2016 from \$17,973,437 in FY 2015, or by \$853,094 or 4.7%. This decrease is primarily due to annual depreciation expense of \$1,403,515 and net dispositions of \$10,324 exceeded capital acquisitions of \$560,745.

Notes Receivable / Due from Affiliate decreased to \$218,964 in FY 2016 from \$273,774 in FY 2015, or by \$54,810, or 20%. This amount is primarily due to repayment of affiliate loans from the non-federal affordable housing projects which requires expense allocation at year end. The advances are temporary and expected to be repaid periodically.

Loans Payable decreased to \$10,920,279 in FY 2016 from \$11,430,013 in FY 2015, or by \$509,734, or 4.5%. This downward change was primarily a result of the Authority paying down the normal annual amortization on the debt during FY 2016.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Analysis of Net Position (Statement of Net Position) as of December 31, 2016 (continued)

	2016	2015	Net Change	Percent Variance
Cash & Investments	\$ 8,242,033	\$ 6,356,783	\$ 1,885,250	29.7%
Receivables (net)	19,017	148,914	(129,897)	-87.2%
Prepaid expenses	28,662	22,859	5,803	25.4%
Restricted Cash	1,728,765	1,746,121	(17,356)	-1.0%
Notes Receivable / Due From Affiliate	218,964	273,774	(54,810)	-20.0%
Capital Assets	17,120,343	17,973,437	(853,094)	-4.7%
Total Assets	\$ 27,357,784	\$ 26,521,888	\$ 835,896	3.2%
Current Liabilities	1,633,603	1,292,416	341,187	26.4%
Non Current Liabilities	10,700,357	10,874,791	(174,434)	-1.6%
Total Liabilities	12,333,960	12,167,207	166,753	1.4%
Net Investment in Capital Assets	6,200,064	6,543,424	(343,360)	-5.2%
Restricted Net Position	1,358,016	1,369,719	(11,703)	-0.9%
Unrestricted Net Position	7,465,744	6,441,538	1,024,206	15.9%
Total Net Position	15,023,824	14,354,681	669,143	4.7%
Total Liabilities and Net Position	\$ 27,357,784	\$ 26,521,888	\$ 835,896	3.2%

Analysis of Program Revenues for the year ended December 31, 2016

The Authority administers the following programs and revenue generated during FY 2016 was, as follows:

Program	Revenues Generated
Public and Indian Housing (LIPH)	\$ 1,444,711
Public Housing Capital Fund Program (CFP)	389,522
Central Office Cost Center (COCC)	164,587
Section 8 Housing Choice Vouchers (S8HCV)	9,054,369
Section 8 New Construction (S8NC)	84,944
Section 8 Mod Rehab (S8MR)	78,105
Continuum of Care (COC)	163,520
Rural Rental Housing (RRH)	193,731
PIH Family Self Sufficiency (FSS)	44,397
State and Local Funds (S&L)	210,599
Business Activities (BA)	3,314,115
Total Revenue	\$ 15,142,600

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Analysis of Operating Revenues for the year ended December 31, 2016

Total operating revenues for Fiscal Year 2015 were \$14,545,622 as compared to \$14,879,532 of total revenues for Fiscal Year 2016. Comparatively, FY 2016 revenues exceeded FY 2015 revenues by \$333,910, or by 2.3%. The primary reason for this change was due to increases in tenant revenues and other revenue which was offset by a decrease in HUD and other grants.

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Pct. Change</u>
Total Tenant Revenue	\$ 3,916,631	\$ 3,601,789	\$ 314,842	8.7%
HUD & Other Grants	10,149,934	10,280,532	(130,598)	-1.3%
Other Revenue	812,967	663,301	149,666	22.6%
Total Revenue	<u>\$ 14,879,532</u>	<u>\$ 14,545,622</u>	<u>\$ 333,910</u>	2.3%

Analysis of Entity Wide Expenditures for the ended December 31, 2016

Total Operating Expenses for FY 2016 were \$14,139,809 as compared to the \$14,123,940 of total operating expenses for FY 2015. This represents an overall increase of \$15,869, or .11%.

Administrative Expense for 2016 totaled \$1,929,780 as compared to \$1,769,545 in FY 2015. This represents an increase of \$160,235 or 9.06%. Increases in salaries, benefits and other administrative expenses contributed to the increase.

Maintenance Expense for FY 2016 was \$1,423,475 as compared to \$1,399,334 in FY 2015. This represents an increase of \$24,141 or 1.73%. An increase in labor and benefits costs was the primary reason for the increase from 2015 to 2016.

Housing Assistance Payments for FY 2015 were \$8,245,018 as compared to \$8,493,950 for FY 2016. This represents an increase of \$248,932 or 3.02%. In 2016 the Authority had 15 less unit months under lease, however, the average housing assistance payment increased by \$21 per unit month.

Depreciation expense decreased to \$1,403,515 in FY 2016 from \$1,469,289 in FY 2015 or by \$65,774 or 4.48%. The decrease is primarily due to older assets being fully depreciated.

Interest expense increased from 314,916 in FY 2015 to \$323,648 in FY 2016. The increase was due to additional borrowing of \$700,000 made at the end of 2015 which provided for a full year of interest expense in FY 2016.

Insurance & General expense decreased \$349,918 from FY 2015 to FY 2016 as the Supportive Housing Program for 2016 was administered by a Valley Housing Development Corp.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Analysis of Entity Wide Expenditures for the ended December 31, 2016
(continued)

The table below illustrates our analysis:

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Pct. Change</u>
Administrative	\$ 1,929,780	\$ 1,769,545	\$ 160,235	9.06%
Utilities	524,890	521,957	2,933	0.56%
Maintenance	1,423,475	1,399,334	24,141	1.73%
Insurance & General	363,462	713,380	(349,918)	-49.05%
Protective Services	737	5,417	(4,680)	-86.39%
Housing Assistance Payments	8,493,950	8,245,018	248,932	3.02%
Depreciation	1,403,515	1,469,289	(65,774)	-4.48%
Total Operating Expenses	\$ 14,139,809	\$ 14,123,940	\$ 15,869	0.11%

ANALYSIS OF CAPITAL ASSET ACTIVITY AND LONG-TERM DEBT

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	\$ 1,316,048	\$ 1,316,048	\$ -	0.0%
Buildings	38,710,807	36,356,292	2,354,515	6.5%
Furniture, Equip., & Mach. - Dwelling	1,353,174	1,469,929	(116,755)	-7.9%
Construction in Process	208,851	545,706	(336,855)	-61.7%
Total Capital Assets	41,588,880	39,687,975	1,900,905	4.8%
Accumulated Depreciation	23,961,583	22,567,632	1,393,951	6.2%
Net Capital Assets	\$ 17,627,297	\$ 17,120,343	\$ 506,954	3.0%

During 2017, the Authority acquired capital assets totaling \$2,104,645, of which \$95,658 was made from the Authority's capital fund program with the remainder coming from the Authority's non-federal properties.

As mentioned previously, work completed under the Capital Fund Grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into capital assets. Depreciation begins upon the asset being placed in service.

**LEHIGH COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

ANALYSIS OF CAPITAL ASSET ACTIVITY AND LONG-TERM DEBT (continued)

Fixed asset additions in the amount of \$2,104,645 were offset by depreciation expense of \$1,463,970 for the year, as well as \$70,019 of net capital asset dispositions, resulting in an overall net increase in fixed assets of \$506,954, or 3%.

Long-term Debt

The Authority has issued long-term debt in accordance with HUD and State of Pennsylvania regulations in order to facilitate the development of affordable housing in Lehigh County, Pennsylvania. A summary of the Authority's long-term debt is as follows.

	December 31, 2016	Advances	Payments / Reductions	December 31, 2017
Rural Rental Assistance Program	\$ 448,092	\$ -	\$ (28,699)	\$ 419,394
New Construction Substantial Rehabilitation Program	160,928	-	(21,015)	139,914
State and Local Program	971,066	-	(75,691)	895,375
Business Activities Program	9,340,192	1,511,000	(338,312)	10,512,880
Totals	\$10,920,279	\$1,511,000	\$ (509,734)	\$11,967,563

Additional information on the Authority's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS' BUDGET AND RATES

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. Therefore, funding of programs could be significantly affected by cuts to federal budgets. However, local economic conditions affect the ability of Section 8 Housing Choice Voucher clients to find suitable housing that meets program guidelines.

FINANCIAL STATEMENTS

LEHIGH COUNTY HOUSING AUTHORITY
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016

	ASSETS	
	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 8,344,173	\$ 8,242,033
Accounts receivable, net	64,402	19,017
Note receivable, current portion	-	3,500
Prepaid expenses	120,462	28,662
Due from affiliates, current portion	<u>23,799</u>	<u>15,464</u>
Total current assets	<u>8,552,836</u>	<u>8,308,676</u>
Non-current assets:		
Restricted cash and cash equivalents	1,798,288	1,728,765
Note receivable	200,000	200,000
Capital assets, net	<u>17,627,297</u>	<u>17,120,343</u>
Total non-current assets	<u>19,625,585</u>	<u>19,049,108</u>
Total assets	<u>28,178,421</u>	<u>27,357,784</u>

See accompanying notes to financial statements.

LEHIGH COUNTY HOUSING AUTHORITY
STATEMENTS OF NET POSITION (continued)
AS OF DECEMBER 31, 2017 AND 2016

LIABILITIES

	<u>2017</u>	<u>2016</u>
Current liabilities:		
Accounts payable	200,684	78,487
Accrued expenses	37,396	37,143
Accrued compensated absences, current	6,127	9,321
Tenant security deposits	352,924	309,761
Current portion of loans payable,	410,547	364,805
Prepaid tenant rent	<u>43,903</u>	<u>64,057</u>
Total current liabilities	<u>1,051,581</u>	<u>863,574</u>
Non-current liabilities:		
Accrued compensated absences, non-current	55,147	83,895
Loans payable, non-current	11,557,016	10,555,474
Other non-current liabilities	<u>56,421</u>	<u>60,988</u>
Total non-current liabilities	<u>11,668,584</u>	<u>10,700,357</u>
Total liabilities	<u>12,720,165</u>	<u>11,563,931</u>

DEFERRED INFLOWS OF RESOURCES

Grants received in advance	<u>-</u>	<u>770,029</u>
Total deferred inflows of resources	<u>-</u>	<u>770,029</u>

NET POSITION

Net position:		
Net investment in capital assets	5,659,734	6,200,064
Restricted	1,445,056	1,358,016
Unrestricted	<u>8,353,466</u>	<u>7,465,744</u>
Total net position	<u>\$ 15,458,256</u>	<u>\$ 15,023,824</u>

See accompanying notes to financial statements.

**LEHIGH COUNTY HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Tenant revenue	\$ 3,970,706	\$ 3,916,631
HUD operating grants	10,913,019	10,038,716
Other government grants	172,316	111,218
Other revenues	<u>903,180</u>	<u>812,967</u>
Total operating revenues	<u>15,959,221</u>	<u>14,879,532</u>
Operating expenses:		
Administrative	2,098,266	1,929,780
Tenant services	36,546	-
Utilities	578,403	524,890
Ordinary maintenance and operations	1,455,035	1,423,475
Protective services	543	737
Insurance and general	353,737	363,462
Housing assistance payments	9,440,110	8,493,950
Depreciation	<u>1,463,970</u>	<u>1,403,515</u>
Total operating expenses	<u>15,426,610</u>	<u>14,139,809</u>
Operating income	<u>532,611</u>	<u>739,723</u>
Non-operating revenues (expenses):		
Interest income	6,404	4,938
Interest expense	(317,418)	(323,648)
Casualty losses, non-capitalized	(12,769)	(10,000)
Gain on disposition of capital assets	<u>83,735</u>	<u>-</u>
Net non-operating (expenses)	<u>(240,048)</u>	<u>(328,710)</u>
Income before capital grants and special items	292,563	411,013
Contributions from projects	46,211	-
Capital grants	<u>95,658</u>	<u>258,130</u>
Changes in net position	434,432	669,143
Total net position, beginning of year	<u>15,023,824</u>	<u>14,354,681</u>
Total net position, end of year	<u>\$ 15,458,256</u>	<u>\$ 15,023,824</u>

See accompanying notes to financial statements.

LEHIGH COUNTY HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from tenants and other revenues	\$ 4,820,872	\$ 4,898,209
Cash received from grantors	11,092,174	10,919,962
Cash paid to contractors and vendors	(13,299,770)	(11,454,321)
Cash paid to employees	<u>(1,435,258)</u>	<u>(1,421,671)</u>
Net cash provided by operating activities	<u>1,178,018</u>	<u>2,942,179</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(2,104,645)	(560,745)
Proceeds on disposition of capital assets	217,456	-
Capital grants	95,658	258,130
Proceeds from issuance of debt	1,511,000	-
Principal paid on capital debt	(463,716)	(509,734)
Interest paid on loans	(317,418)	(323,648)
Casualty losses	<u>(12,769)</u>	<u>(10,000)</u>
Net cash used in capital and related financing activities	<u>(1,074,434)</u>	<u>(1,145,997)</u>
Cash Flows from Investing Activities:		
Advances from affiliate	15,464	66,774
Contributions from Projects	46,211	-
Interest income	<u>6,404</u>	<u>4,938</u>
Net cash provided by investing activities	<u>68,079</u>	<u>71,712</u>
Net increase in cash and cash equivalents	171,663	1,867,894
Cash and cash equivalents, beginning of year	<u>9,970,798</u>	<u>8,102,904</u>
Cash and cash equivalents, end of year	<u>\$ 10,142,461</u>	<u>\$ 9,970,798</u>

	<u>2017</u>	<u>2016</u>
A reconciliation of cash and cash equivalents to Statements of Net Position is as follows:		
Unrestricted cash and cash equivalents	\$ 8,344,173	\$ 8,242,033
Restricted cash and cash equivalents	<u>1,798,288</u>	<u>1,728,765</u>
	<u>\$ 10,142,461</u>	<u>\$ 9,970,798</u>

See accompanying notes to financial statements.

LEHIGH COUNTY HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 532,611	\$ 739,723
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,463,970	1,403,515
Write-off of capitalized costs	-	10,324
Loan receivable forgiveness	3,500	3,500
Bad debts	33,837	10,111
Changes in assets and liabilities:		
Accounts receivable - HUD	6,839	61
Accounts receivable - tenants	(66,538)	(4,518)
Accounts receivable - miscellaneous	(43,322)	108,779
Prepaid expenses	(91,800)	(5,803)
Accrued compensated absences	(31,942)	47,648
Accounts payable	122,197	(159,987)
Unearned revenue	(20,154)	53,947
Accrued expenses	(2,902)	(29,343)
Tenant security deposits	43,163	654
Deferred inflows of resources	(770,029)	770,029
Other liabilities	<u>(1,412)</u>	<u>(6,461)</u>
Net cash provided by operating activities	\$ <u>1,178,018</u>	\$ <u>2,942,179</u>

See accompanying notes to financial statements.

**LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Lehigh County Housing Authority (the "Authority") is a governmental, public corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the County of Lehigh, Pennsylvania. The Authority is responsible for operating certain safe, decent, sanitary, and affordable low-rent housing programs under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

The Authority has also adopted GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions* ("GASB 33"). GASB 33 establishes accounting and financial reporting standards for nonexchange transactions including financial or capital resources. The Authority's primary source of nonexchange revenues relate to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9*, which requires housing assistance payments ("HAP"), under proprietary funds be reported as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions, as defined by GASB 33, are met when these funds are available and measurable, not when these funds are expended. The Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Since the Authority operates a defined contribution pension plan, the adoption of this standard did not have a material impact on its financial statements.

Funds

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Authority maintains the following proprietary fund:

Enterprise Fund – The Authority's operations are presented as a single enterprise fund. The transactions for each of the programs of the Authority are accounted for in separate funds for internal purposes and grant requirements and combined to one enterprise fund for external reporting purposes.

Measurement Focus and Basis of Accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal on going operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. A summary of all of the programs administered by the Authority is provided on the following pages to assist the reader in interpreting the financial statements.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Lehigh County Housing Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

D. Description of Programs

The Authority maintains its accounting records by fund. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing

The public housing program is designed to provide low-cost housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent paid by a participating family.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Public Housing Capital Fund

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Continuum of Care Program ("COC")

The COC program is designed to promote community-wide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and state and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Section 8 New Construction Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

To aid very low income families in obtaining decent, safe and sanitary rental housing.

Non-federal Affordable Housing Programs

The Authority operates several non-federal affordable housing projects in the County of Lehigh. The projects provide housing to low and moderate income families, seniors and special needs populations.

Rural Rental Assistance Program

The United States Department of Agriculture ("USDA") provides homeownership opportunities to rural Americans, and home renovation and repair programs. USDA also provides financing to elderly, disabled, or low income rural residents in multi-unit housing complexes to ensure that they are able to make rent payments.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants' accounts receivable balances primarily consist of rents past due and vacated tenants. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

The Authority recognizes a receivable from HUD, other governmental agencies and managed properties for amounts billed but not received and for amounts unbilled, but earned as of year-end.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end for items such as insurance, that will benefit future operations.

J. Capital Assets, Net

Capital assets are stated at cost. Expenditures for land, structures, equipment, and modernization programs that substantially increase the useful lives of existing assets determined to represent additions or betterments are capitalized at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- | | |
|--------------------------------------|-------------|
| • Buildings | 15-40 years |
| • Furniture, Equipment and Machinery | 5-7 years |

The Authority has established a capitalization threshold of \$1,000.

K. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other than temporary, then an impairment loss will be recorded in the Authority's financial statements. For the years ended December 31, 2017 and 2016, no impairment losses were recorded in the financial statements.

L. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of affordable housing through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property; the property's ability to generate positive cash flow and; the Authority reviews current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

N. Prepaid Tenant Rent

The Authority's prepaid tenant rent consists of the prepayment of rent by residents applicable to future periods.

O. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables have been eliminated in the preparation of the basic financial statements. Detail balances by program are found in the FDS section of this report.

P. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

R. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

S. Economic Dependency

The Section 8 Housing Choice Vouchers and Public & Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

NOTE 2. CASH ON DEPOSIT

As of December 31, 2017 and 2016, the carrying amount of the Authority's cash (including restricted cash) was \$10,142,461 and \$9,970,798 and the bank balances were \$10,347,943 and \$10,218,580, respectively. Cash on deposit consists of the following:

<u>Cash Category</u>	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 8,344,173	\$ 8,242,033
Tenant security deposits	353,232	309,761
Cash - restricted for payment of current liabilities	-	60,988
Other restricted	<u>1,445,056</u>	<u>1,358,016</u>
	<u>\$ 10,142,461</u>	<u>\$ 9,970,798</u>

Of the bank balances, \$821,003 and \$825,924 was covered by federal depository insurance and the remaining \$9,526,940 and \$9,392,656 was collateralized with the pledging financial institutions as of December 31, 2017 and 2016, respectively.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2. CASH ON DEPOSIT (continued)

<u>Depository Account</u>	<u>2017</u>	<u>2016</u>
Insured:		
FDIC	\$ 821,003	\$ 825,924
Collateralized:		
Collateralized amount held by pledging financial institution	<u>9,526,940</u>	<u>9,392,656</u>
	<u>\$ 10,347,943</u>	<u>\$ 10,218,580</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2017 and 2016, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following at December 31, 2017 and 2016:

<u>Description</u>	<u>2017</u>	<u>2016</u>
Accounts receivable - HUD	\$ -	\$ 6,839
Accounts receivable - tenants, net	44,879	12,178
Accounts receivable - miscellaneous	<u>19,523</u>	<u>-</u>
Total accounts receivable, net	<u>\$ 64,402</u>	<u>\$ 19,017</u>

A. Accounts receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority for administrative expenditures from the Public Housing Family Self-Sufficiency grant administered through the Housing Choice Vouchers program. This amount was collected during the year ended December 31, 2017.

B. Accounts receivable - tenants, net

Accounts receivable - tenants represents amounts due for tenant rents. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

C. Accounts receivable - miscellaneous

Accounts receivable - miscellaneous represents a receivable for lease income related to cell phone towers and charge backs to vendors and contractors. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4. RESTRICTED CASH

Restricted cash consists of the following as of December 31, 2017 and 2016.

<u>Cash Category</u>	<u>2017</u>	<u>2016</u>
Housing assistance payment reserves	\$ 28,393	\$ -
Family self sufficiency program escrows	-	60,988
Tenant security deposits	353,232	309,761
Project escrows	<u>1,416,663</u>	<u>1,358,016</u>
	<u>\$ 1,798,288</u>	<u>\$ 1,728,765</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Vouchers program for tenant rents.

Family Self Sufficiency (FSS) program escrows are restricted for Housing Choice Vouchers program participants upon successful completion of the FSS program.

Tenant security deposits represents cash held in escrow for the refund to tenants upon move out of their unit and may not be used to fund operations.

Project escrows are reserved for replacement of property and equipment, project taxes, debt service and other project expenditures.

NOTE 5. NOTES RECEIVABLE

Notes receivable consist of single family dwelling assistance loans to individuals. As part of the Authority's Single Family Dwelling Assistance Program, loans are provided to individuals in connection with costs, fees and expenses associated with the purchase of real property. All notes are secured by real property purchased. Notes do not bear interest and are forgiven at \$1,000 per year for the first three years and \$3,500 per year beginning in year four until the note is fully forgiven. Repayment is due in the event that the original borrower sells or transfers the property or if it is discovered that the original borrower submitted incomplete, false or misleading information in connection with the loan. During the years ended December 31, 2017 and 2016, \$3,500 and \$3,500, respectively, was forgiven, resulting in balances due of \$0 and \$3,500, respectively.

The Authority is also the holder of a mortgage note dated August 23, 2006 in the amount of \$200,000 from Lexie's Dream Apartments Associates, LP. This note is non-interest bearing and is due and payable ninety days after the date which is fifteen years after the close of the project's compliance period. At December 31, 2017 and 2016, the balance due amounted to \$200,000.

NOTE 6. DUE FROM AFFILIATE

The Authority shares common management with Valley Housing Development Corporation ("VHDC"). The Authority continues to provide salaries, benefits and other costs on behalf of VHDC and various limited partnerships of which VHDC is the general partner. The costs are reimbursed periodically and at December 31, 2017 and 2016, VHDC owed the Authority \$23,799 and \$15,464, respectively. The advances are interest free, unsecured and due upon demand.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7. CAPITAL ASSETS, NET

The following is a summary of changes in capital assets for the fiscal years ended December 31, 2017 and 2016:

Description	Dec. 31, 2016	Additions	Dispositions	Transfers	Dec. 31, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,316,048	\$ -	\$ -	\$ -	\$ 1,316,048
Construction in progress	545,706	95,658	-	(432,513)	208,851
Subtotal	<u>1,861,754</u>	<u>95,658</u>	<u>-</u>	<u>(432,513)</u>	<u>1,524,899</u>
<u>Depreciable capital assets:</u>					
Buildings	36,356,292	1,973,017	(191,000)	572,498	38,710,807
Furniture and equipment	1,469,929	35,970	(12,740)	(139,985)	1,353,174
Subtotal	<u>37,826,221</u>	<u>2,008,987</u>	<u>(203,740)</u>	<u>432,513</u>	<u>40,063,981</u>
Total	<u>39,687,975</u>	<u>2,104,645</u>	<u>(203,740)</u>	<u>-</u>	<u>41,588,880</u>
Less: accumulated depreciation	<u>22,567,632</u>	<u>1,463,970</u>	<u>(70,019)</u>	<u>-</u>	<u>23,961,583</u>
Net capital assets	<u>\$ 17,120,343</u>	<u>\$ 640,675</u>	<u>\$ (133,721)</u>	<u>\$ -</u>	<u>\$ 17,627,297</u>

Description	Dec. 31, 2015	Additions	Dispositions	Transfers	Dec. 31, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,326,372	\$ -	\$ (10,324)	\$ -	\$ 1,316,048
Construction in progress	260,566	285,140	-	-	545,706
Subtotal	<u>1,586,938</u>	<u>285,140</u>	<u>(10,324)</u>	<u>-</u>	<u>1,861,754</u>
<u>Depreciable capital assets:</u>					
Buildings	36,181,755	174,537	-	-	36,356,292
Furniture and equipment	1,368,861	101,068	-	-	1,469,929
Subtotal	<u>37,550,616</u>	<u>275,605</u>	<u>-</u>	<u>-</u>	<u>37,826,221</u>
Total	<u>39,137,554</u>	<u>560,745</u>	<u>(10,324)</u>	<u>-</u>	<u>39,687,975</u>
Less: accumulated depreciation	<u>21,164,117</u>	<u>1,403,515</u>	<u>-</u>	<u>-</u>	<u>22,567,632</u>
Net capital assets	<u>\$ 17,973,437</u>	<u>\$ (842,770)</u>	<u>\$ (10,324)</u>	<u>\$ -</u>	<u>\$ 17,120,343</u>

Depreciation expense for the years ended December 31, 2017 and 2016, was \$1,463,970 and \$1,403,515, respectively.

NOTE 8. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority make a payment in lieu of taxes (PILOT) to various municipalities in accordance with the provisions of its Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the municipalities the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended December 31, 2017 and 2016, PILOT expense amounted to \$89,468 and \$100,124, respectively.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9. COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the net position date for which payment is probable. As of December 31, 2017 and 2016, the Authority had accrued \$61,274 and \$93,216, respectively. Compensated absence expenses are included as other general expenses in the statement of revenues, expenses, and changes in net position.

Compensated absences activity for the years ended December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Beginning compensated absences	\$ 93,216	\$ 45,568
Addition of compensated absences	61,666	100,039
Redemption of compensated absences	<u>(93,608)</u>	<u>(52,391)</u>
Ending compensated absences	61,274	93,216
Less: current portion	<u>6,127</u>	<u>9,321</u>
Compensated absences, net of current portion	<u>\$ 55,147</u>	<u>\$ 83,895</u>

NOTE 10. RETIREMENT PLANS

The Authority provides a Money Purchase Program for eligible full-time employees. The Authority provides a 12% contribution toward the plan for those employees not participating in Social Security and 5% for those participating in Social Security on behalf of each full time employee. Any employee that works at least 30 hours per week and at least 1560 hours per year is classified as full time. To be eligible to participate in the plan the employee must be at least 18 years of age and have been employed full time by the Authority for 90 days.

The Authority also provides a defined contribution pension plan for eligible full-time employees. This is a voluntary participation program. If any full time employee chooses to participate, the Authority will provide a matching contribution of up to 1.2% on that employee's behalf. To be eligible for this program the employee must be at least 18 years of age and have been employed by LCHA for 90 days. For the years ended December 31, 2017 and 2016, the Authority's portion approximated \$208,361 and \$221,607, respectively, which has been charged to the employee fringe benefit account.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE

Loans payable at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Catasauqua Elderly - BB&T - Commercial Real Estate Loan		
The Authority has a commercial real estate loan payable to BB&T bank in connection with the purchase of the Catasauqua Elderly property in the amount of \$440,000 in 2008. The loan bears interest at 3.99% and is payable in monthly installments of \$2,320 including interest through 2033. The loan is collateralized by a building and land.	\$ 319,004	\$ 333,618
Catasauqua Elderly - PHFA Mortgage		
The Authority assumed a non-interest bearing support mortgage payable to PHFA in conjunction with the Catasauqua Elderly property purchase in 2008. Payments of principal due from surplus cash split at 50% to return on equity and 50% to mortgage repayment. Loan is collateralized by property and due in 2033.	614,195	622,896
Catasauqua Family - Berkadia Comm. Mortgage		
The Authority has a mortgage payable originally in the amount of \$403,260 to Berkadia Commercial Mortgage LLC. The mortgage bears an interest rate of 7.50% and is collateralized by land and a building known as the Catasauqua Family Property located in Catasauqua, PA. The mortgage requires monthly principal and interest payments of \$2,563 ending in 2023.	139,914	160,928
Cedar Village - American Bank		
The Authority has a mortgage payable in the original amount of \$1,200,000 from American Bank, originating in June 2011, in conjunction with the Cedar Village property purchase in 2011. The mortgage bears interest at 4.58% and is collateralized by improvements to leased real estate located in Allentown, PA. The mortgage requires monthly principal and interest payments of \$6,771 through maturity in June 2021.	1,007,139	1,040,776
Cedar Village - VHDC Support Note		
The Authority has a support note payable of \$327,363 to Valley Housing Development Corporation that bears interest at 4.5% in connection with the purchase of the Cedar Village property located in Allentown, PA in 2011. No regular payments are due but 50% of any surplus revenues of the Cedar Village project shall be paid to VHDC annually first to accrued interest and any remainder to principal. The note is secured by real property and will mature in 2036.	202,887	232,646

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE (continued)

	<u>2017</u>	<u>2016</u>
Coopersburg II - TD Bank		
The Authority has a mortgage payable in the amount of \$700,000 from TD Bank in conjunction with the Coopersburg II property purchase in 2015. The mortgage bears interest at 3.36% and is collateralized by real estate located in Coopersburg, PA. The mortgage requires monthly principal and interest payments of \$3,089 ending in 2035.	671,216	685,159
Coopersburg School - PHFA Promissory Note		
The Authority has a Promissory Note with the Pennsylvania Housing Finance Agency in the amount of \$240,486 in connection with a Smart Rehab project at the Coopersburg School in 2012. There is no interest and no regular payments of principal due on this Note. If there is an excess of revenue over expenses after payment of all other project costs in any year, 50% of such excess revenue shall be applied to repay this PHFA note. The note is secured by real property and matures in 2042.	240,486	240,486
Coopersburg School - TD Bank		
The Authority has a mortgage payable in the amount of \$997,900 from TD Bank in conjunction with the Coopersburg School property purchase in 2010. The mortgage bears interest at 4.133% and is collateralized by land and a building located in Coopersburg, PA. The mortgage requires monthly principal and interest payments of \$5,387 ending in 2020.	811,425	841,384
Eaton Ave - Lafayette Ambassador Mtg		
The Authority has a mortgage payable in the original amount of \$1,462,000 from Lafayette Ambassador Bank in conjunction with the Eaton Avenue property purchase in November 2012. The mortgage bears interest at 2.525% and is collateralized by real estate located in Bethlehem, PA. The mortgage requires monthly payments of \$6,603 through November 2022. At that time the interest rate will float annually for an additional five years and the loan will mature in November 2027.	1,232,681	1,280,141
Eaton Ave - VHDC Support Note		
The Authority has a support note in the amount of \$123,000 from Valley Housing Development Corporation in connection with the purchase of the Eaton Avenue property in November 2012. This note bears interest at 2.525%. No regular payments are due but 50% of any surplus revenues of the Eaton Avenue property shall be paid first to accrued interest and any remainder to principal. The note is secured by real property and will mature in 2036.	29,491	57,569

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE (continued)

	<u>2017</u>	<u>2016</u>
Group Homes - Key Bank		
The Authority has a mortgage payable originally in the amount of \$1,932,050 to Key Bank in 2005. The mortgage bears an interest rate of 4.50% and is collateralized by land and buildings of the group home properties in Lehigh County. Monthly installment payments of \$9,866 including interest are due until April 29, 2025.	895,375	971,066
Hellertown - Lafayette Mortgage		
The Authority has a mortgage payable in the original amount of \$1,300,000 from Lafayette Ambassador Bank in conjunction with the Hellertown property purchase in February 2013. The mortgage bears interest at 2.525% and is collateralized by real estate located in Bethlehem, PA. The mortgage requires monthly payments of \$6,142 through 2038.	1,090,052	1,135,610
Hellertown - VHDC Support Note		
The Authority has a support note in the amount of \$300,000 from Valley Housing Development Corporation in connection with the purchase of the Hellertown property in February, 2013. This note accrues interest at 2.525% and matures in 2038. No regular payments are due but 50% of any surplus revenues generated by the Hellertown property shall be paid first to accrued interest and any remainder to principal. The note is secured by real property.	219,664	223,642
Locust Street - New Tripoli Bank		
The Authority has a mortgage payable in the original amount of \$300,000 from New Tripoli Bank in conjunction with the Locust Street property purchased in November 2017. The mortgage bears interest at 2.67% and is collateralized by real property. The mortgage requires monthly payments of \$1,378 through 2042.	298,567	-
Locust Street - VHDC Support Note		
The Authority has a support note in the amount of \$100,000 payable to Valley Housing Development Corporation in connection with the purchase of the Locust Street property in November of 2017. This note accrues interest at 2.67%. No regular payments are due but 50% of any surplus revenues of the Locust Street project shall be paid to VHDC annually first to accrued interest and any remainder to principal. The note is secured by real property and matures in 2042.	100,000	-

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE (continued)

	<u>2017</u>	<u>2016</u>
Macungie - USDA - Farmer's Home Mortgage		
The Authority has a subsidized mortgage payable originally in the amount of \$1,275,000 to the United States Department of Agriculture, Farmers Home Administration. The mortgage bears an interest rate of 10.75% and is collateralized by land and a building in Macungie, Pennsylvania. Monthly installment payments of \$2,754 including interest are due until June 18, 2031.	419,394	448,092
Newport - Lafayette Ambassador Loan		
Loan payable in the amount of \$425,000 from Lafayette Ambassador Bank in conjunction with the Newport property acquisition. The loan bears interest at 3.9375%. The loan is payable in monthly installments of \$2,227 including interest over a period ending in 2024. The note is secured by real property.	322,604	337,779
Newport - PHFA Mortgage		
The Authority assumed a non-interest bearing support mortgage payable to PHFA in conjunction with the Newport property purchase in 2009. Payments of principal due from surplus cash split at 50% to return on equity and 50% to mortgage repayment. Loan is collateralized by property and matures in 2039.	444,700	444,700
North Catasauqua - PNC Bank		
The Authority has a mortgage payable in the original amount of \$1,000,000 from PNC Bank, originating in December 2011, in conjunction with the North Catasauqua property purchase. The mortgage bears interest at 2.75% and is collateralized by real estate located in North Catasauqua, PA. The mortgage requires monthly principal and interest payments of \$4,634 through December 2021, at which time the mortgage will mature.	816,888	849,540
North Catasauqua - VHDC Support Note		
The Authority has a support note in the amount of \$360,000 payable to Valley Housing Development Corporation in connection with the purchase of the North Catasauqua project in December 2011. This note bears interest at 2.75%. No regular payments are due but 50% of any surplus revenues of the North Catasauqua project shall be paid to VHDC annually first to accrued interest and any remainder to principal. The note is secured by real property and will mature in 2036.	272,532	286,816

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE (continued)

Ridge Manor II - Key Bank

The Authority has a mortgage payable originally in the amount of \$450,000 to Key Bank in connection with the purchase of Ridge Manor II in 2006. The mortgage bears interest at 4.75% and is collateralized by land and a building known as the Ridge Manor 2 property, located in Emmaus, PA. The mortgage requires monthly principal and interest payments of \$2,566 ending in 2031.

319,286 334,308

Ridge Manor II - PHFA Mortgage

The Authority assumed a mortgage payable originally in the amount of \$600,000 to the Pennsylvania Housing Finance Agency. The mortgage was assumed December 28, 2006 in connection with the purchase of Ridge Manor II. The mortgage bears no interest and is collateralized by underlying land and a building and due in 2020.

393,123 393,123

Sixth Street - New Tripoli Bank

The Authority has a mortgage payable in the original amount of \$850,000 from New Tripoli Bank in conjunction with Sixth Street Elderly Apartments Associates purchased in August of 2017. The mortgage bears interest at 2.67% and is collateralized by real property. The mortgage requires monthly payments of \$3,903 through 2042.

845,940 -

Sixth Street - VHDC Support Note

The Authority has a support note in the amount of \$261,000 payable to Valley Housing Development Corporation in connection with the purchase of Sixth Street Elderly Apartments Associates in August of 2017. This note accrues interest at 2.67%. No regular payments are due but 50% of any surplus revenues of the Locust Street project shall be paid to VHDC annually first to accrued interest and any remainder to principal. The note is secured by real property and will mature in 2042.

261,000 -

Total loans payable

11,967,563 10,920,279

Less: current portion

410,547 364,805

Loans payable - excluding current portion

\$ 11,557,016 \$ 10,555,474

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE (continued)

Annual debt service for principal and interest for the next five years and five year increments thereafter are as follows:

Year	Principal	Interest	Total
2018	410,547	385,953	796,500
2019	697,397	360,518	1,057,915
2020	724,484	333,840	1,058,324
2021	752,907	307,513	1,060,420
2022	782,754	285,958	1,068,712
2023 - 2027	2,077,989	1,047,119	3,125,108
2028 - 2032	1,534,942	610,707	2,145,649
2033 - 2037	1,162,205	257,136	1,419,341
2038 - 2042	<u>3,824,338</u>	<u>1,756,060</u>	<u>5,580,398</u>
	<u>\$ 11,967,563</u>	<u>\$ 5,344,804</u>	<u>\$ 17,312,367</u>

Advances and payments of principal for the years ended December 31, 2017 and 2016 consisted of the following:

Description	December 31, 2016	Advances	Principal Payments	December 31, 2017	Amounts due within one year
Catasauqua Elderly - BB&T - Commercial Real Estate Loan	\$ 333,618	\$ -	\$ (14,614)	\$ 319,004	\$ 15,408
Catasauqua Elderly - PHFA Mortgage	622,896	-	(8,700)	614,196	-
Catasauqua Family - Berkadia Comm. Mortgage	160,928	-	(21,014)	139,914	19,457
Cedar Village - American Bank	1,040,776	-	(33,637)	1,007,139	35,235
Cedar Village - VHDC Support Note	232,646	-	(29,760)	202,886	-
Coopersburg II - TD Bank	685,159	-	(13,942)	671,217	14,425
Coopersburg School - PHFA Promissory Note	240,486	-	-	240,486	-
Coopersburg School - TD Bank	841,384	-	(29,959)	811,425	31,239
Eaton Ave - Lafayette Ambassador Mtg	1,280,141	-	(47,460)	1,232,681	48,118
Eaton Ave - VHDC Support Note	57,569	-	(28,078)	29,491	-
Group Homes - Key Bank	971,066	-	(75,691)	895,375	79,196
Hellertown - Lafayette Mortgage	1,135,610	-	(45,558)	1,090,052	41,765
Hellertown - VHDC Support Note	223,642	-	(3,978)	219,664	-
Locust Street - New Tripoli Bank	-	300,000	(1,433)	298,567	8,554
Locust Street - VHDC Support Note	-	100,000	-	100,000	-
Macungie - USDA - Farmer's Home Mortgage	448,092	-	(28,699)	419,393	28,698
Newport - Lafayette Ambassador Loan	337,779	-	(15,175)	322,604	14,855
Newport - PHFA Mortgage	444,700	-	-	444,700	-
North Catasauqua - PNC Bank	849,540	-	(32,651)	816,889	33,562
North Catasauqua - VHDC Support Note	286,816	-	(14,285)	272,531	-
Ridge Manor II - Key Bank	334,308	-	(15,022)	319,286	15,799
Ridge Manor II - PHFA Mortgage	393,123	-	-	393,123	-
Sixth Street - New Tripoli Bank	-	850,000	(4,060)	845,940	24,236
Sixth Street - VHDC Support Note	-	261,000	-	261,000	-
	<u>\$ 10,920,279</u>	<u>\$ 1,511,000</u>	<u>\$ (463,716)</u>	<u>\$ 11,967,563</u>	<u>\$ 410,547</u>

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11. LOANS PAYABLE (continued)

Description	December 31, 2015	Advances	Principal Payments	December 31, 2016	Amounts due within one year
Catasauqua Elderly - BB&T - Commercial Real Estate Loan	347,616	-	(13,998)	333,618	14,806
Catasauqua Elderly - PHFA Mortgage	646,496	-	(23,600)	622,896	-
Catasauqua Family - Berkadia Comm. Mortgage	177,427	-	(16,499)	160,928	18,565
Cedar Village - American Bank	1,072,756	-	(31,980)	1,040,776	33,639
Cedar Village - VHDC Support Note	265,500	-	(32,854)	232,646	-
Coopersburg II - TD Bank	700,000	-	(14,841)	685,159	13,942
Coopersburg School - PHFA Promissory Note	240,486	-	-	240,486	-
Coopersburg School - TD Bank	870,018	-	(28,634)	841,384	29,959
Eaton Ave - Lafayette Ambassador Mtg	1,326,417	-	(46,276)	1,280,141	46,905
Eaton Ave - VHDC Support Note	68,108	-	(10,539)	57,569	-
Group Homes - Key Bank	1,043,117	-	(72,051)	971,066	75,670
North Catasauqua - VHDC Support Note	317,403	-	(30,587)	286,816	-
Hellertown - Lafayette Mortgage	1,180,034	-	(44,424)	1,135,610	40,710
Hellertown - VHDC Support Note	239,016	-	(15,374)	223,642	-
Macungie - USDA - Farmer's Home Mortgage	\$ 476,505	\$ -	\$ (28,413)	\$ 448,092	\$ 28,130
Newport - Lafayette Ambassador Loan	350,577	-	(12,798)	337,779	14,374
Newport - PHFA Mortgage	468,450	-	(23,750)	444,700	-
North Catasauqua - PNC Bank	881,372	-	(31,832)	849,540	32,652
Ridge Manor II - Key Bank	347,392	-	(13,084)	334,308	15,453
Ridge Manor II - PHFA Mortgage	411,323	-	(18,200)	393,123	-
	<u>\$ 11,430,013</u>	<u>\$ -</u>	<u>\$ (509,734)</u>	<u>\$ 10,920,279</u>	<u>\$ 364,805</u>

NOTE 12. RESTRICTED NET POSITION

Restricted net position consists of the following at December 31, 2017 and 2016:

Description	2017	2016
Housing assistance payment reserves	\$ 28,393	\$ -
Project escrows	<u>1,416,663</u>	<u>1,358,016</u>
	<u>\$ 1,445,056</u>	<u>\$ 1,358,016</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Vouchers Program for tenant rents.

Project escrows are reserved for replacement of property and equipment, project taxes, debt service and other project expenditures.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 13. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters. The Authority maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, crime coverage, personal property, workers compensation and general liability. Settlement amounts have not exceeded insurance coverage except for deductibles for the past three years.

NOTE 14. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2017 and 2016, the Authority estimates that no material liabilities will result from such audits.

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through July 16, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events occurred that would require disclosure in the notes to the financial statements.



**NOVOGRADAC
& COMPANY LLP®**
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners
Lehigh County Housing Authority:

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 Lehigh County Housing Authority (the "Authority"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated July 16, 2018.

Internal Control Over Financial Reporting

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

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

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



NOVOGRADAC & COMPANY LLP

P 732.503.4257
F 732.341.1424
W www.novoco.com

OFFICE 1433 Hooper Avenue, Suite 329
Toms River, New Jersey 08753

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.

Novogradac & Company LLP

July 16, 2018
Toms River, New Jersey



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Lehigh County Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Lehigh County Housing Authority's 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 Lehigh County Housing Authority's major federal programs for the year ended December 31, 2017. The Lehigh County Housing Authority's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lehigh County Housing 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 Lehigh County Housing 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 Lehigh County Housing Authority's compliance.



NOVOGRADAC & COMPANY LLP

P 732.503.4257
F 732.341.1424
W www.novoco.com

OFFICE 1433 Hooper Avenue, Suite 329
Toms River, New Jersey 08753

Opinion on Each Major Federal Program

In our opinion, the Lehigh County Housing 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, 2017.

Report on Internal Control Over Compliance

Management of the Lehigh County Housing 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 Lehigh County Housing 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 Lehigh County Housing 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 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.

Purpose of this Report

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.

Novogradac & Company LLP

July 16, 2018
Toms River, New Jersey

**LEHIGH COUNTY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Fiscal Year Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Section 8 New Construction, Substantial Rehab	14.182	56,479
Continuum of Care	14.267	192,873
Public and Indian Housing	14.850	566,102
Low Income Housing Assistance Payment Program - Section 8 Moderate Rehabilitation	14.856	77,902
Section 8 Housing Choice Vouchers	14.871	9,909,408
Public Housing Capital Fund	14.872	173,038
Family Self-Sufficiency	14.896	<u>44,892</u>
Subtotal U.S. Department of Housing and Urban Development		11,020,694
<u>U.S. Department of Agriculture</u>		
Rural Rental Assistance Payments	10.427	<u>115,837</u>
Total Federal Awards		<u>\$ 11,136,531</u>

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Lehigh County Housing Authority under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of operations of the Lehigh County Housing Authority, it is not intended to and does not present the net position, changes in net position or cash flows of Lehigh County Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

LEHIGH COUNTY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4. STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Lehigh County Housing Authority as of and for the year ended December 31, 2017 are provided herein.

	<u>501-15</u>	<u>501-16</u>	<u>501-17</u>	<u>Totals</u>
Budget	\$ <u>292,638</u>	\$ <u>303,199</u>	\$ <u>319,849</u>	\$ <u>915,686</u>
<u>Advances:</u>				
Cumulative through 12/30/16	\$ 184,901	\$ 60,638	\$ -	\$ 245,539
Current Year	<u>106,658</u>	<u>2,410</u>	<u>63,970</u>	<u>173,038</u>
Cumulative through 12/31/17	<u>291,559</u>	<u>63,048</u>	<u>63,970</u>	<u>418,577</u>
<u>Costs:</u>				
Cumulative through 12/30/16	184,901	60,638	-	245,539
Current Year	<u>106,658</u>	<u>2,410</u>	<u>63,970</u>	<u>173,038</u>
Cumulative through 12/31/17	<u>291,559</u>	<u>63,048</u>	<u>63,970</u>	<u>418,577</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**LEHIGH COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017**

I. Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards

- | | | |
|----|---|------------|
| 1. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified? | No |
| 2. | Type of auditors' report on compliance
for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. | Identification of major programs: | |

CFDA Number

Name of Federal Program

14.871

Section 8 Housing Choice Vouchers

- | | | |
|----|---|-----------|
| 5. | Dollar threshold used to distinguish between
Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

LEHIGH COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2017

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

None.

IV. Schedule of Prior Year Audit Findings

None.

Lehigh County Housing Authority									
PA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	Project Total	14,896 PIH Family Self-Sufficiency Program	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14182 NYC S/R Section 8 Programs	14,267 Continuum of Care program	Other Federal Program 1	
ASSETS:									
CURRENT ASSETS:									
Cash:									
111	Cash - unrestricted	\$	\$	\$	\$	\$	\$	\$	\$
112	Cash - restricted - modernization and developer	1,305,338	-	71,067	614,410	519	1,602	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-
114	Cash - tenant security deposits	98,713	-	121,939	28,393	45,918	-	-	-
115	Cash - restricted for payment of current liability	-	-	12,227	-	2,679	-	-	-
100	Total cash	1,404,051	-	205,233	642,803	49,116	1,602	-	-
Accounts and notes receivables									
121	Accounts receivable - PIH project	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other project	-	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	1,125	-	-	-	-	-	-	-
126	Accounts receivable - tenant	24,706	-	369	-	4,899	-	-	-
126.1	Allowance for doubtful accounts - tenant	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful account	25,831	-	369	-	4,899	-	-	-
Current investments									
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-
142	Prepaid expenses and other asset	30,851	-	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventory	-	-	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	1,460,733	-	205,602	642,803	34,015	1,602	-	-
NONCURRENT ASSETS:									
Fixed assets:									
161	Land	798,458	-	107,000	-	20,163	-	-	-
162	Buildings	22,516,073	-	1,435,241	4,565	419,381	-	-	-
163	Furniture, equipment & machinery - dwelling	82,850	-	54,556	127,345	7,572	-	-	-
164	Furniture, equipment & machinery - administration	84,391	-	-	80,072	-	-	-	-
165	Leasehold improvement	-	-	-	83,816	-	-	-	-
166	Accumulated depreciation	(18,540,892)	-	(1,275,496)	(280,002)	(327,282)	-	-	-
167	Construction in Progress	208,851	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	5,149,731	-	321,301	15,796	119,834	-	-	-
Other non-current assets:									
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-
175	Undistributed debits	-	-	-	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	5,149,731	-	321,301	15,796	119,834	-	-	-
190	TOTAL ASSETS	6,610,464	\$	526,903	658,599	173,849	1,602	\$	-

Lehigh County Housing Authority									
FA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	Project Total	14,896 PIH Family Self-Sufficiency Program	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14182 NVC S/R Section 8 Programs	14,267 Continuum of Care program	Other Federal Program 1	
LIABILITIES AND EQUITY									
Liabilities:									
Current Liabilities:									
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
312	Accounts payables 90 days	22,250	-	2,531	1,821	1,772	-	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	-
322	Accrued compensated absences - current portion	1,881	-	154	-	81	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	365	-	-	-	-	-
331	Accounts payable - HUD PHA program	-	-	-	-	-	-	-	-
332	Accounts payable - PHA project	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	-	-
342	Deferred revenue	98,713	-	12,227	-	2,679	-	-	-
343	Current portion of L-T debt - capital project	14,437	-	800	-	236	-	-	-
344	Current portion of L-T debt - operating borrowing	-	-	28,698	-	19,457	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	145,088	-	-	-
348	Loan liability - Current	-	-	-	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	137,281	-	44,775	1,821	169,313	-	-	-
NONCURRENT LIABILITIES									
351	Long-term debt, net of current - capital projects	-	-	390,696	-	120,457	-	-	-
352	Long-term debt, net of current - operating borrowing	-	-	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	56,421	-	-	-	-
354	Accrued compensated absences - noncurrent	16,929	-	1,388	-	730	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	16,929	-	397,084	56,421	121,187	-	-	-
300	TOTAL LIABILITIES	154,210	-	436,859	58,242	290,500	-	-	-
EQUITY:									
508.1	Invested in Capital Assets, Net of Related Deb	5,149,731	-	(98,093)	15,796	(20,080)	-	-	-
511.1	Restricted Net Assets	-	-	121,939	28,393	45,918	-	-	-
512.1	Unrestricted Net Assets	1,306,523	-	66,198	556,168	(142,489)	1,602	-	-
513	TOTAL EQUITY	6,456,254	-	90,044	600,357	(116,651)	1,602	-	-
600	TOTAL LIABILITIES AND EQUITY	\$ 6,610,464	\$ -	\$ 526,903	\$ 658,599	\$ 173,849	\$ 1,602	\$ -	-
Proof of concept									

Lehigh County Housing Authority									
PA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	2 State/Local	1 Business Activities	14,235 Supportive Housing Program	9 Other Federal Program 2	14,856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	ELIM	TOTAL
ASSETS:									
CURRENT ASSETS:									
111	Cash - unrestricted	\$ 809,434	\$ 4,644,266	\$ -	\$ -	\$ 179,020	\$ 718,517	\$ -	\$ 8,344,173
112	Cash - restricted - modernization and developer	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	1,248,806	-	-	-	-	-	1,445,056
114	Cash - tenant security deposits	13,573	226,940	-	-	-	-	-	553,232
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-
100	Total cash	823,007	6,119,112	-	-	179,020	718,517	-	10,142,461
Accounts and notes receivables									
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	420	29,750	-	-	-	12,027	-	43,232
126	Accounts receivable - tenant	-	14,905	-	-	-	-	-	44,879
126.1	Allowance for doubtful accounts - tenant	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful account	420	44,655	-	-	-	12,027	-	88,201
Current investment									
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-
142	Prepaid expenses and other asset	-	89,611	-	-	-	-	-	120,462
143	Inventories	-	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventory	-	-	-	-	-	-	-	-
144	Interprogram - due from	-	145,088	-	-	-	-	(145,088)	-
145	Assets held for sale	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	823,427	6,398,466	-	-	179,020	730,544	(145,088)	10,351,124
NONCURRENT ASSETS:									
Fixed assets:									
161	Land	-	390,427	-	-	-	-	-	1,316,048
162	Buildings	2,059,039	12,128,712	-	-	-	63,980	-	38,626,991
163	Furniture, equipment & machinery - dwelling	-	839,791	-	-	-	-	-	1,112,114
164	Furniture, equipment & machinery - administration	-	76,597	-	-	-	-	-	241,060
165	Leasehold improvement	-	-	-	-	-	-	-	83,816
166	Accumulated depreciation	(592,917)	(2,937,190)	-	-	-	(7,804)	-	(23,961,583)
167	Construction in Progress	-	-	-	-	-	-	-	208,851
168	Infrastructure	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	1,466,122	10,498,137	-	-	-	56,176	-	17,627,297
Other non-current assets:									
171	Notes and mortgages receivable - non-current	-	200,000	-	-	-	-	-	200,000
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-
175	Undistributed debt	-	-	-	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	1,466,122	10,698,137	-	-	-	56,176	-	17,827,297
190	TOTAL ASSETS	2,289,549	17,096,603	-	-	179,020	786,720	(145,088)	28,178,421

Lehigh County Housing Authority									
PA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	2 State/Local	1 Business Activities	14.235 Supportive Housing Program	9 Other Federal Program 2	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	ELIM	TOTAL
LIABILITIES AND EQUITY									
Liabilities:									
Current Liabilities:									
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	89,973	60,622	-	-	256	3,696	-	182,921
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	28,415	-	-	-	-	-	28,415
322	Accrued compensated absences - current portion	-	1,819	-	-	-	2,192	-	6,127
324	Accrued contingency liability	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	5,461	-	-	-	-	-	5,826
331	Accounts payable - HUD PHA program	-	-	-	-	17,763	-	-	17,763
332	Accounts payable - PHA project	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-	-
341	Tenant security deposit	13,573	225,732	-	-	-	-	-	355,024
342	Deferred revenue	-	28,430	-	-	-	-	-	43,909
343	Current portion of L-T debt - capital project	79,196	283,196	-	-	-	-	-	410,547
344	Current portion of L-T debt - operating borrowing	-	-	-	-	-	-	-	-
345	Other current liabilities	-	3,155	-	-	-	-	-	3,155
346	Accrued liabilities - other	-	-	-	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-	-	(145,088)	-
348	Loan liability - Current	-	-	-	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	182,742	636,330	-	-	18,019	5,888	(145,088)	1,051,581
NONCURRENT LIABILITIES									
351	Long-term debt, net of current - capital projects	816,179	10,229,684	-	-	-	-	-	11,557,016
352	Long-term debt, net of current - operating borrowing	-	-	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-	-	-	-
354	Accrued compensated absences - noncurrent	-	16,373	-	-	-	19,727	-	56,421
355	Loan Liability - Non Current	-	-	-	-	-	-	-	55,147
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	816,179	10,246,057	-	-	-	19,727	-	11,668,584
300	TOTAL LIABILITIES	998,921	10,882,387	-	-	18,019	25,615	(145,088)	12,720,165
EQUITY:									
508.1	Invested in Capital Assets, Net of Related Deb	570,747	(14,543)	-	-	-	56,176	-	5,659,734
511.1	Restricted Net Assets	-	1,248,806	-	-	-	-	-	1,445,056
512.1	Unrestricted Net Assets	719,881	4,979,653	-	-	161,001	704,929	-	8,353,466
513	TOTAL EQUITY	1,290,628	6,213,916	-	-	161,001	761,105	-	15,458,256
600	TOTAL LIABILITIES AND EQUITY	\$ 2,289,549	\$ 17,096,303	\$ -	\$ -	\$ 179,020	\$ 786,720	\$ (145,088)	\$ 28,178,421
Proof of concept									

Lehigh County Housing Authority									
PA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	OPERATING	CAPITAL	14.896 PHH Family Self-Sufficiency Program	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.182 NYC SR Section 8 Programs	14.267 Continuum of Care Program	Other Federal Program
REVENUE:									
70500	Net tenant rental revenue	\$ 884,390	\$ -	\$ -	\$ 88,506	\$ -	\$ 30,967	\$ -	\$ -
70500	Tenant revenue - other	2,753	-	-	-	-	205	-	-
70500	Total tenant revenue	887,143	-	-	88,506	-	31,172	-	-
70600	HUD PHA grants	566,102	77,380	44,892	-	9,953,870	56,479	192,873	-
70610	Capital grants	-	95,658	-	-	-	-	-	-
70700	Management fee	-	-	-	-	-	-	-	-
70720	Book keeping fee	-	-	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-	-	-
EXPENSES:									
70900	Net tenant rental revenue	\$ 884,390	\$ -	\$ -	\$ 88,506	\$ -	\$ 30,967	\$ -	\$ -
70900	Tenant revenue - other	2,753	-	-	-	-	205	-	-
70900	Total tenant revenue	887,143	-	-	88,506	-	31,172	-	-
70610	HUD PHA grants	566,102	77,380	44,892	-	9,953,870	56,479	192,873	-
70610	Capital grants	-	95,658	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-	-
70720	Book keeping fee	-	-	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	115,837	-	-	-	-
71100	Investment income - unaffiliated	-	-	-	-	-	-	-	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-	-	-
71400	Other revenue	105,642	-	-	2,998	14,680	979	32,311	-
71600	Gain on sale of fixed assets	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	4,373	-	-	-
70000	TOTAL REVENUE	1,478,997	173,038	44,892	207,741	10,060,207	88,580	225,184	-
EXPENSES:									
Administrative									
91100	Administrative salaries	138,665	-	31,403	9,851	291,762	932	9,502	-
91200	Auditing fees	3,172	-	-	-	-	-	77	-
91300	Outside management fees	183,078	31,985	-	21,603	143,672	6,272	-	-
91310	Book keeping fee	25,612	-	-	3,022	89,704	877	-	-
91400	Advertising and marketing	576	-	-	5,264	286	36	12	-
91500	Employee benefit contributions - administrative	67,656	-	13,489	5,063	108,936	657	4,551	-
91600	Office expenses	32,749	-	-	4,178	52,765	1,292	126	-
91700	Travel	5,279	-	-	650	1,216	115	36	-
91800	Telephone expenses	5,327	-	-	-	2,011	1,819	265	-
91810	Allocated overhead	-	-	-	-	-	-	-	-
91900	Other	19,076	-	-	2,914	607	1,184	157	-
92000	Asset Management Fee	34,680	-	-	-	-	-	-	-
Tenant services									
92100	Tenant services - salaries	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-
92400	Tenant services - other	23,186	-	-	15,560	-	-	-	-
Utilities									

Lehigh County Housing Authority									
PA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	OPERATING	CAPITAL	14,896 PHH Family Self-Sufficiency Program	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,182 NHC SFR Section 8 Programs	14,267 Continuum of Care Program	Other Federal Program 1
	Protective services								
95100	Protective services - labor	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	187	-	356	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective service	-	-	-	-	-	-	-	-
	General expenses								
96100	Insurance premiums	46,617	-	-	13,972	6,000	2,888	201	-
96200	Other general expenses	-	-	-	-	6,087	-	-	-
96210	Compensated absences	18,810	-	-	1,542	-	811	-	-
96300	Payments in lieu of taxes	58,507	-	-	6,825	-	4,542	-	-
96400	Real estate taxes	(759)	-	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-	-	-
96710	Interest on Mortgage (or on Bonds) Payable	-	-	-	4,715	-	9,698	-	-
96720	Interest on Notes Payable (short and long term)	-	-	-	-	-	-	-	-
96800	Service expenses	-	-	-	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	1398,691	31,985	44,892	167,319	708,013	75,214	15,475	-
97000									
	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	80,106	141,053	-	40,422	9,352,294	13,366	209,709	-
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-
97200	Extraordinary losses - non-capitalized	-	-	-	-	-	-	-	-
97300	Housing	-	-	-	-	9,131,136	-	-	-
97350	HAP Portability - in	-	-	-	-	70,239	-	178,717	-
97400	Depreciation expense	830,241	-	-	48,730	12,337	11,032	-	-
97500	Fraud losses	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-
98000	TOTAL EXPENSES	2,248,932	31,985	44,892	216,049	9,921,745	86,246	194,192	-
	OTHER FINANCING SOURCES (USES)								
10010	Operating transfers in	-	-	-	-	-	-	-	-
10020	Operating transfers out	45,395	-	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	(45,395)	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-
10080	Special items (not paid/loss)	-	-	-	-	-	-	-	-
10090	Inter Project excess cash transfer in	-	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-	-	-
10093	Transfer between program and project in	-	-	-	-	-	-	-	-
10094	Transfer between program and project out	-	-	-	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	45,395	(45,395)	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(724,740)	95,658	-	(8,048)	138,562	2,334	30,992	-
	MEMO ACCOUNT INFORMATION:								
11020	Required annual debt principal payments	-	-	-	29,266	-	21,907	-	-
11030	Beginning equity	7,085,336	-	-	98,352	461,795	(118,985)	(29,390)	-
11040	Prior period adjustments and equity transfers	(432,514)	432,514	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	371,964	-	-	-
11180	Housing assistance payments equity	-	-	-	-	28,393	-	-	-
11190	Unit months available	3,468	-	-	408	600,357	-	-	-
11210	Number of unit months leased	3,415	-	-	403	19,824	120	264	-
	Equity Roll Forward Test:								
	(Calculation from R/F Statement	\$ 6,456,254	\$ -	\$ -	\$ 90,044	\$ 600,357	\$ (116,651)	\$ 1,602	\$ -
	B/S Line 513	\$ 6,456,254	\$ -	\$ -	\$ 90,044	\$ 600,357	\$ (116,651)	\$ 1,602	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Lehigh County Housing Authority									
PA081									
Financial Data Schedule (FDS)									
December 31, 2017									
Line Item #	Account Description	2 State/Local	1 Business Activities	14.235 Supportive Housing Program	9 Other Federal Program 2	14.456 Lower Income Housing Assistance Program Section 8 Moderate	CDOC	ELIM	TOTAL
	Protective services								
95100	Protective services - labor								
95200	Protective services - other contract costs								
95300	Protective services - other								543
95500	Employee benefit contributions- protective service								
	General expenses								
96100	Insurance premiums		82,786				10,215		162,679
96200	Other general expenses								6,087
96300	Compensated absences		18,594				21,919		61,666
96400	Bad debt - interest	948							18,626
96500	Bad debt - tenant rent		34,256						89,468
96600	Bad debt - mortgages								33,837
96700	Bad debt - other								
96700	Interest expense								
96710	Interest on Mortgage or (or Bonds) Payable		260,301						317,418
96720	Interest on Notes Payable (short and long term)	42,704							
96800	Software licenses								
96900	Supplies								
97000	TOTAL OPERATING EXPENSES	104,718	2,317,783			2,980	783,547	(810,669)	4,839,948
	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES								
97100	Extraordinary maintenance	174,723	1,044,883			74,972	173,592		11,305,070
97200	Capital lease - not capitalized								
97300	Capital lease - capitalized		12,760						12,760
97350	Housing assistance payments					59,998			93,583
97400	HAP Puntability - in								70,530
97400	Depreciation expense	53,390	485,318				2,922		1,463,970
97500	Fraud losses								
97600	Dwelling units rent expense								
98000	TOTAL EXPENSES	158,108	2,815,970			62,978	786,469	(810,669)	15,756,797
	OTHER FINANCING SOURCES (USES)								
10010	Operating transfers in								
10020	Operating transfers from/to primary government							(45,395)	
10030	Operating transfers from/to component unit							45,395	
10040	Operating transfers from/to component unit								
10070	Extraordinary items, net gain/loss								
10080	Special items (net gain/loss)		46,211						46,211
10091	Inter Project excess cash transfer in								
10092	Inter Project excess cash transfer out								
10093	Transfers between program and project in								
10094	Transfers between program and project out								
10100	TOTAL OTHER FINANCING SOURCES (USES)		46,211						
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	121,333	593,807			14,924	176,670		434,432
MEMO ACCOUNT INFORMATION:									
11020	Required annual debt principal payments	79,217	340,785						471,175
11030	Beginning equity								
11040	Prior period adjustments and equity transfers	1,169,295	5,620,909			146,077	590,435		15,023,824
11170	Administrative fee equity								
11180	Housing assistance payments equity								571,964
11190	Unit months available		4,546						28,393
11210	Number of unit months leased		4,333			240			600,357
						183			25,402
									19,826
	Equity Roll Forward Total:								
	Calculation from R/E Statement	\$ 1,290,628	\$ 6,213,916		\$ -	\$ 161,001	\$ 761,105		\$ 15,488,256
	B/S Line 513	\$ 1,290,628	\$ 6,213,916		\$ -	\$ 161,001	\$ 761,105		\$ 15,488,256
		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -