

**Allegheny County  
Housing Authority**

Single Audit

September 30, 2010

**MaherDuessel**  
Certified Public Accountants

# ALLEGHENY COUNTY HOUSING AUTHORITY

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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# ALLEGHENY COUNTY HOUSING AUTHORITY

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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## Independent Auditor's Report

Board of Directors  
Allegheny County Housing Authority

We have audited the accompanying financial statements of the business-type activities of the Allegheny County Housing Authority (Authority) as of and for the years ended September 30, 2010 and 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of September 30, 2010 and 2009, and the respective changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011, on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages i through xi is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 57 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional information found on pages 39 through 56 (the financial data schedules and note to financial data schedules) is presented for purposes of additional analysis and is not



Board of Directors  
Allegheny County Housing Authority  
Independent Auditor's Report  
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a required part of the financial statements. The financial data schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 28, 2011

# **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR ALLEGHENY COUNTY HOUSING AUTHORITY**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, Allegheny County Housing Authority (the Authority) is providing this Management's Discussion and Analysis (MD&A) report. This MD&A should be considered in conjunction with the Authority-Wide Financial Statements and with the Authority's Financial Data Schedule (FDS) for the fiscal year ending September 30, 2010. The Authority's MD&A is designed to:

1. Assist the reader in focusing on significant financial issues,
2. Provide an overview of the Authority's financial activity,
3. Identify changes in the Authority's financial position and discuss its ability to address the next and subsequent year challenges, and
4. Identify issues or concerns.

The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. The Authority consists of a stand-alone Enterprise Fund. Under GAAP, Enterprise Funds utilize the full accrual basis of accounting and are similar to accounting utilized by the private sector. Within the Enterprise Fund, the Authority maintains many distinct programs.

The component unit is a for-profit corporation owned by the Authority that operates a market rate housing property and provides housing management services to other entities, utilizes full accrual accounting, and does not issue stand-alone financial statements. It is discreetly presented on a stand-alone basis due to its for-profit nature. Further discussion in this MD&A will be limited to the Enterprise Fund only.

## **SINGLE AUDIT HIGHLIGHTS**

The Authority is subject to a Single Audit under OMB Circular A-133. A summary of the auditor's results can be found on page 63. There were no findings noted for the year ended September 30, 2010.

## FINANCIAL HIGHLIGHTS

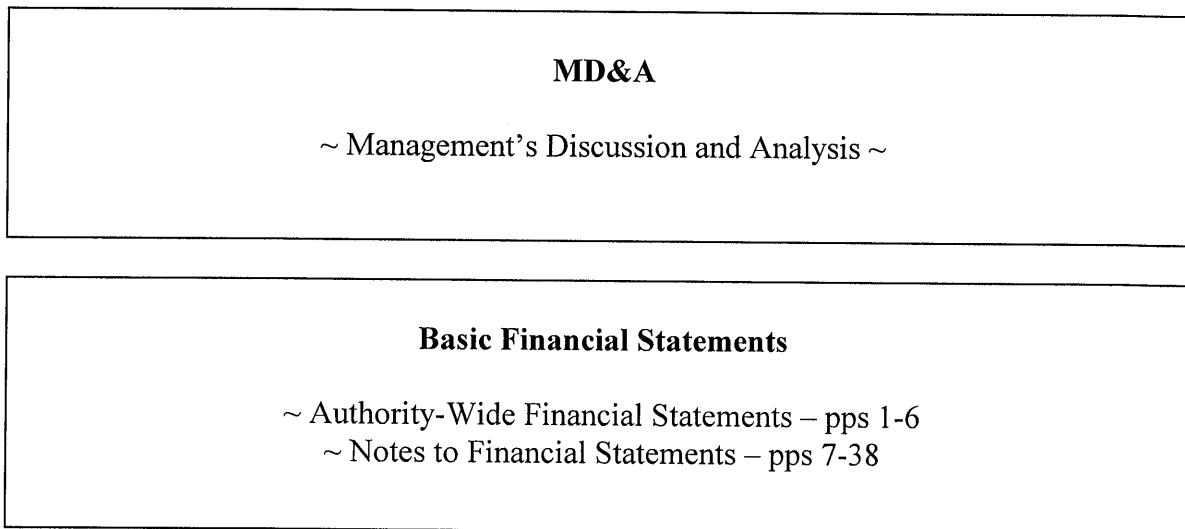
- During 2010, the Enterprise Fund's total assets increased by \$3.5 million (or 1.7%). Total assets were \$207.0 million and \$203.5 million for 2010 and 2009, respectively. The \$3.5 million increase is comprised of three factors, changes in current assets, changes in capital assets, and changes in other assets. Capital assets decreased by \$0.9 million. Other assets increased \$1.1 million. Current assets increased \$3.3 million. The net decrease in capital assets is mainly due to the increase in accumulated depreciation, the demolition of the Burns Heights site, and a substantial increase in construction in progress relating to the federal stimulus funds received from HUD.
- The Enterprise Fund had an increase in net assets of \$5.2 million. Total net assets were \$185.2 and \$180.0 million for 2010 and 2009, respectively. Unrestricted net assets increased by \$1.8 million, while restricted net assets increased \$3.0 million and capital net assets, net of related debt, increased by \$0.4 million. The change in unrestricted net assets represents residual receipts from our operations in 2010. The increase in restricted net assets is due to the accrual of mixed financing reserves and long-term partnership loans. We also had a significant increase in the Housing Choice Voucher Program's restricted reserves. The increase in capital net assets is a combination of an increase in our "work in process" accounts due to the receipt of the American Recovery and Reinvestment Act (ARRA) funds, which were offset by the demolition of Burns Heights.
- The Enterprise Fund's total operating revenues increased by \$3.4 million from \$61.0 million in fiscal year 2009 to \$64.4 million fiscal year 2010. The \$3.4 million increase is related to the following main factors. Tenant revenue increased \$0.4 million, HUD Operating Grants increased \$2.2 million, and Other Governmental Operating Grants increased \$0.6 million. The increase in tenant revenue is related to increased leasing levels. The rise in HUD Operating Grant revenue was due to an increase of \$1.6 million in AMP operating funds and \$0.6 million in ARRA operating funds. Other Governmental Operating Grants increased \$0.6 million due to the receipt of CDBG funds.
- The Enterprise Fund's total operating expenses decreased by \$0.7 million. Total operating expenses were \$55.5 million and \$56.2 million for 2010 and 2009, respectively. Increases in operating expenses occurred in maintenance costs of \$0.3 million, administrative cost of \$1.5 million, and general expenses of \$0.3 million. Decreases in operating expenses occurred in utility payments of \$0.8 million, tenant services of \$0.2 million, insurance expense of \$0.1 million, and housing assistance payments of \$1.7 million.
- The Enterprise Fund's total non-operating expenses changed by \$3.2 million. Total non-operating expenses were (\$12.2) million and (\$9.0) million for 2010 and 2009, respectively. The "Loss on disposal of capital assets" shows an increase of \$3.8 million in expense. This relates to the demolition of the Burns Heights Community.

Depreciation and amortization expense decreased (\$.5) million while casualty losses decreased by (\$0.2) million. Interest expense rose by \$0.1 million.

- The Enterprise Fund's total capital contributions increased \$5.5 million in 2010 as compared to 2009. Total capital contributions were \$8.6 million and \$3.1 million for 2010 and 2009, respectively. HUD capital grants increased by \$6.6 million due in large part to the federal stimulus funds received from HUD. Partnership contributions decreased \$1.1 million. The main factor for the decrease of Partnership contributions in 2010 related to the fact that the Authority did not complete any closings for mixed finance activities in this fiscal year, as compared to previous fiscal years. The Authority anticipates that one new closing will occur in fiscal year 2011.

## USING THIS ANNUAL REPORT

The following graphic outlines the format of the Annual Report:



### Authority-Wide Financial Statements

The Authority-Wide Financial Statements include the Statements of Net Assets, which are similar to a Balance Sheet. The Statements of Net Assets report all financial and capital resources for the Authority. These statements are presented in the format where assets equal liabilities plus net assets. Assets and liabilities are presented in order of liquidity and are classified as “current” (convertible into cash within one year) and “noncurrent.”

Net assets are reported in three broad categories:

Invested in Capital Assets, Net of Related Debt: This component of net assets 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 Assets: This component of net assets consists of restricted assets, whose use is constrained by the terms and conditions of agreements entered into by the Authority. The largest portion of the Authority's restricted net assets relate to its mixed finance development transactions and debt agreements, and also for use in the Housing Choice Voucher Program.

Unrestricted Net Assets: Consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt," or "Restricted Net Assets," and represents the net available liquid assets, net of liabilities for the Authority.

The Authority-Wide Financial Statements also include the Statements of Revenues, Expenses, and Changes in Net Assets (similar to an income statement). These statements include operating revenues (such as rental income and government grants), operating expenses (such as housing assistance payments, administrative, utilities, and maintenance), and non-operating revenue and expenses (such as capital grant revenue, depreciation, and interest expense).

The focus of the Statements of Revenues, Expenses, and Changes in Net Assets is the "change in net assets," which is similar to net income or loss.

Finally, the Statements of Cash Flows are included, which disclose net cash provided by or used in operating activities, non-capital and related financing activities, capital and related financing activities, and investing activities.

### **Allegheny County Housing Authority's Programs**

Low Income Public Housing - Under the Low Income Public Housing Program, the Authority rents apartments that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD) and HUD provides Operating Subsidy funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. For the year ended September 30, 2008, the Authority converted to the asset management model within their Conventional Public Housing Program, and as part of that process, all Capital Program activity (except for ARRA Capital Funding) was required to be reported within the Low-Income Public Housing Program on the Financial Data Schedule.

Capital Fund Program - This program includes the Capital Fund Program. The Authority receives funding to rehabilitate and repair existing housing stock and to develop new housing. The Capital Fund Program operates under annual grants from HUD. These grants are formula based and not competitive awards. The Capital Fund Program is the

primary funding source for physical and management improvements to the Authority's properties. For the year ended September 30, 2008, the Authority converted to the asset management model within their Conventional Public Housing Program, and as part of that process, all Capital Fund Program activity (except for ARRA Capital Funding) is required to be reported within the Low-Income Public Housing Program on the Financial Data Schedule.

Capital Fund Program - ARRA – Represents the American Recovery and Relief Act, more commonly known as “stimulus funding.” The Authority was awarded \$7.7 million under the formula grant and also was awarded competitive funding in the amount of \$5.8 million comprised of three separate and distinct grants.

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

Supportive Housing for Persons with Disabilities Program - Under the Supportive Housing for Persons with Disabilities Program, the Authority administers contracts to provide supportive housing for persons with disabilities with independent landlords.

KDHAP - Represents Katrina Disaster Housing Assistance Program, which is HUD funds used to provide temporary rental assistance to families displaced as a result of Hurricane Katrina.

VASH - Represents Veterans Affairs Supportive Housing funding, which combines HUD Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the Veterans Affairs at its medical centers and in the community.

DHAP - Represents Disaster Housing Assistance Program, which is HUD funds used to provide temporary rental assistance to families displaced as a result of natural disasters.

Section 8 Moderate Rehabilitation Program - A program of housing assistance payments administered by the Authority under the Section 8 Program.

CDBG and HOME Programs - Represents Community Development Block Grants and HOME Grants, which are HUD funds passed through the Allegheny County Department of Economic Development.

Resident Opportunities and Supportive Services (ROSS) - A grant program awarded by HUD to foster resident business opportunities and supportive services.

Other Federal and State and Local Programs: Represents other grant programs not included above, that vary from year to year in amount and nature.

Business Activities - In previous reporting periods, the Business Activities included a myriad of partnerships created with outside investors designed to take advantage of tax credit regulations. These partnerships allowed the Authority to undertake major rehabilitation and total rebuilding projects, that otherwise would not have been possible, due to limited funding. For the year ended September 30, 2009, the Authority has moved many of these internal accounting funds from the Business Activities Program to the LIPH program, to correspond to the various LIPH sites managed by the Authority.

## AUTHORITY-WIDE STATEMENTS

### Statements of Net Assets

The following table reflects the Statement of Net Assets compared to the prior year.

**TABLE 1**

### STATEMENTS OF NET ASSETS

	2010 (in millions of dollars)	2009 (in millions of dollars)
Current Assets	\$ 32.8	\$ 29.5
Capital Assets	155.8	156.7
Other Assets	18.4	17.3
Total Assets	\$ 207.0	\$ 203.5
Current Liabilities	\$ 6.8	\$ 6.8
Noncurrent Liabilities	14.9	16.6
Total Liabilities	\$ 21.7	\$ 23.4
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 141.0	\$ 140.6
Restricted	27.4	24.4
Unrestricted	16.8	15.0
Total Net Assets	\$ 185.2	\$ 180.0

For more detailed information, see pages 1 and 2 for the Statements of Net Assets.

## **Major Factors Affecting the Statements of Net Assets**

Current assets increased \$3.3 million in fiscal year 2010. Cash and cash equivalents increased by \$3.4 million. Accounts and notes receivable increased by \$5.0 million. Total investments decreased by \$5.1 million. Prepaid assets and inventory remained static.

Cash and cash equivalents as well as investments decreased in total by \$1.7 million. This decrease is directly attributable to the increase in the HUD receivable.

Accounts and notes receivable rose \$5.0 million due to an increase in the HUD receivable within our Capital Fund Program related to the accrual of ARRA construction invoices at year-end.

Capital assets decreased \$1.1 million due to a variety of factors. Land experienced a slight increase of \$0.1 million while furniture and equipment decreased \$0.2 million. Buildings declined by \$10.7 million due in large part to the demolition of Burns Heights. Construction in Progress increased \$8.5 million, due to ongoing ARRA capital improvements. Accumulated depreciation declined \$1.2 million. Our normal depreciation expense was more than offset by removing the Burns Heights accumulated depreciation due to its demolition.

Other assets increased \$1.1 million due to new loans being recorded for North Hills Highlands Phases 1 and 2.

Total liabilities decreased \$1.7 million. Total current liabilities remained stable and total non-current liabilities declined \$1.7 million. The most significant activity affecting liabilities was the decline in principle on our outstanding notes.

Table 2 presents details on the change in unrestricted net assets.



**TABLE 2**  
**CHANGE IN UNRESTRICTED NET ASSETS**

	Millions of Dollars	Millions of Dollars
<b>Unrestricted Net Assets as of September 30, 2009</b>		<b>\$ 15.0</b>
Operating Income	\$ 8.8	
Non-Operating Revenues (Expenses)	(12.2)	
Capital Contributions	8.6	
Net Increase in Net Assets		5.2
<u>Other Changes in Net Assets</u>		
Change in Capital Net Assets (net of related debt)	(0.4)	
Change in Restricted Net Assets	(3.0)	
		(3.4)
<b>Unrestricted Net Assets as of September 30, 2010</b>		<b>\$ 16.8</b>

This table demonstrates that the change in net assets of \$5.2 million was utilized as follows: the Authority increased its capital assets (net of related debt) \$0.4 million, its restricted net assets \$3.0 million, and increased unrestricted net assets by \$1.8 million.

**TABLE 3****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year:

	2010 (in millions of dollars)	2009 (in millions of dollars)
Revenues:		
Resident revenue - rents and other	\$ 8.4	\$ 8.0
Operating subsidies and grant	52.7	49.9
Capital grants	8.2	1.6
Investment income	0.1	0.2
Partnership contributions	0.4	1.5
Other revenue	3.1	2.9
Total revenues	72.9	64.1
Expenses:		
Administrative	12.5	11.0
Tenant services	0.3	0.5
Utilities	4.5	5.3
Maintenance	8.2	7.9
Protective services	0.7	0.7
Insurance	0.9	1.0
Loss (gain) on disposition of fixed assets	3.8	-
General	1.5	1.2
Housing assistance payments	26.9	28.6
Depreciation and amortization	7.6	8.0
Casualty losses	-	0.2
Interest expense	0.8	0.7
Total expenses	67.7	65.1
Net increase (decrease)	\$ 5.2	\$ (1.0)

**MAJOR FACTORS AFFECTING THE STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS**

Total revenues increased by \$8.8 million (as compared to the previous year) primarily due to the increase in operating subsidy and grant revenue. Partnership contributions decreased \$1.1 million due to limited mixed financing and tax credit activity in fiscal year 2010. Operating subsidies and grant increased by \$2.8 million and capital grants

increased \$6.6 million due to the ARRA funds. Tenant revenue increased by \$0.4 million due to increased leasing and additional units coming on-line in 2010.

Total expenses increased by \$2.6 million in fiscal year 2010. Housing assistance payment expenditures decreased by \$1.7 million. Administrative expenditures rose \$1.5 million. Utility expense decreased \$0.8 million. Loss on disposition of fixed assets increased by \$3.8 million, again due to Burns Heights, and depreciation expense declined by \$0.4 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**TABLE 4**

### CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION AND AMORTIZATION)

	2010 (in millions of dollars)	2009 (in millions of dollars)
Land and land rights	\$ 10.9	\$ 10.7
Buildings	228.6	239.3
Equipment - dwellings	12.5	12.9
Equipment - administrative	1.2	0.9
Accumulated depreciation	(110.8)	(111.9)
Construction in progress	13.4	4.8
Total	\$ 155.8	\$ 156.7

### Capital Assets

As of September 30, 2010, the Authority had \$155.8 million invested in a variety of capital assets as reflected in the table above, which represents a net decrease (addition, deductions, and depreciation) of \$0.9 million from \$156.7 million at September 30, 2009. This decrease is due mainly to a decrease in accumulated depreciation of \$1.1 and a decline in buildings of \$10.7 million. As stated above, these amounts related chiefly to the demolition of Burns Heights. Construction in progress increased \$8.6 million, again due to ARRA activities.

**TABLE 5**  
**OUTSTANDING DEBT, AT YEAR-END**  
**(IN MILLIONS)**

	Totals	
	2010	2009
Current portion of long-term debt	\$ 1.3	\$ 1.4
Noncurrent portion of long-term debt	13.4	14.7
Total debt	\$ 14.7	\$ 16.1

**Debt Outstanding**

As of year-end, the Authority had \$14.7 million in debt outstanding, compared to \$16.1 million in 2009. The decrease is due to the normal retirement of debt.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development by the U.S. Congress.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.
- Uncertainty brought about by the historic collapse of the stock market.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

Questions concerning this report or requests for additional information should be directed, in writing, to:

Allegheny County Housing Authority  
Finance Department  
625 Stanwix Street  
Pittsburgh, PA 15222

# ALLEGHENY COUNTY HOUSING AUTHORITY

## STATEMENTS OF NET ASSETS

SEPTEMBER 30, 2010 AND 2009

Assets		
	2010	2009
Current assets:		
Cash and cash equivalents:		
Cash - unrestricted	\$ 11,807,643	\$ 10,637,445
Cash - other restricted	9,978,317	8,021,946
Cash - tenant security deposits	544,072	206,040
Total cash and cash equivalents	22,330,032	18,865,431
Accounts and notes receivables, net of allowances for doubtful accounts:		
Accounts receivable - HUD other projects	9,012,645	4,080,118
Accounts receivable - other government	61,806	78,688
Accounts receivable - miscellaneous	414,196	228,117
Accounts receivable - tenants - dwelling rents	212,400	348,283
Allowance for doubtful accounts - dwelling rents and other	(102,027)	(146,562)
Total accounts and notes receivables, net of allowances for doubtful accounts	9,599,020	4,588,644
Current investments:		
Investments - unrestricted	322,545	5,277,723
Investments - restricted	191,873	326,594
Total current investments	514,418	5,604,317
Prepaid expenses and other assets	378,006	426,303
Inventories	2,187	2,187
Total current assets	32,823,663	29,486,882
Noncurrent assets:		
Capital assets:		
Land	10,946,683	10,771,134
Buildings	228,604,782	239,266,695
Furniture, equipment, and machinery - dwellings	12,492,464	12,938,825
Furniture, equipment, and machinery - administration	1,160,688	928,373
Accumulated depreciation	(110,821,242)	(111,993,687)
Construction in progress	13,373,908	4,824,290
Total capital assets, net of accumulated depreciation	155,757,283	156,735,630
Investment in mixed finance activities, net of accumulated amortization	17,211,854	15,849,084
Notes and mortgages receivable - non-current	955,776	1,147,983
Investment in partnership	245,000	245,000
Total noncurrent assets	174,169,913	173,977,697
<b>Total Assets</b>	<b>\$ 206,993,576</b>	<b>\$ 203,464,579</b>

(Continued)

See accompanying notes to financial statements.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## STATEMENTS OF NET ASSETS

SEPTEMBER 30, 2010 AND 2009

(Continued)

### Liabilities and Net Assets

	2010	2009
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,875,761	\$ 2,530,239
Accrued wage/payroll taxes payable	256,091	240,642
Accrued compensated absences - current	150,661	147,772
Accounts payable - HUD PHA programs	276,158	294,386
Accounts payable - other government	188,393	138,739
Tenant security deposits	544,072	532,634
Deferred revenue	349,286	913,558
Current portion of capital lease obligations/debt	1,332,281	1,373,265
Other current liabilities	879,561	664,339
Accrued liabilities - other	-	13,340
Total current liabilities	6,852,264	6,848,914
<b>Noncurrent liabilities:</b>		
Noncurrent portion - capital lease obligations/debt	13,350,325	14,716,685
Accrued compensated absences - noncurrent	603,085	591,664
Noncurrent liabilities - other	964,715	1,301,328
Total noncurrent liabilities	14,918,125	16,609,677
Total Liabilities	21,770,389	23,458,591
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	141,074,677	140,645,680
Restricted for:		
Business Activities Loans	17,874,642	16,997,067
Partnership reserves	5,196,226	4,846,570
Housing Choice Voucher Program	3,704,990	2,039,222
Other section 8 programs	576,542	518,832
Unrestricted net assets	16,796,110	14,958,617
Total Net Assets	185,223,187	180,005,988
<b>Total Liabilities and Net Assets</b>	\$ 206,993,576	\$ 203,464,579

(Concluded)

See accompanying notes to financial statements.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
<b>Operating Revenues:</b>		
<hr/>		
Tenant revenue:		
Net tenant rental revenue	\$ 8,310,766	\$ 7,892,762
Tenant revenue - other	121,660	111,493
	8,432,426	8,004,255
HUD PHA operating grants	51,609,805	49,430,326
Other governmental operating grants	1,134,115	466,304
Investment income - unrestricted	47,719	178,681
Other revenue	3,104,633	2,936,806
Investment income - restricted	43,467	4,328
	64,372,165	61,020,700
<b>Operating Expenses:</b>		
<hr/>		
Housing assistance payments	26,941,374	28,614,008
Administrative:		
Administrative salaries	5,213,458	4,757,920
Auditing fees	173,376	190,482
Advertising and marketing	103,103	53,147
Employee benefit contributions - administrative	2,049,149	1,843,926
Office expenses	2,187,957	1,916,245
Legal expense	451,340	690,317
Travel	186,158	192,126
Other operating - administrative	2,092,197	1,337,724
Tenant services:		
Tenant services - salaries	128,448	238,836
Relocation costs	-	1,920
Employee benefit contributions - tenant services	49,209	75,504
Tenant services - other	163,735	236,688
Utilities:		
Water	507,962	702,691
Electricity	1,765,375	1,675,610
Gas	1,335,415	2,071,665
Sewer	873,270	854,656
Ordinary maintenance and operations:		
Ordinary maintenance and operations - labor	3,048,715	2,778,476
Ordinary maintenance and operations - materials and other	1,360,215	1,382,174
Ordinary maintenance and operations - contract costs	2,377,364	2,546,442
Employee benefit contributions - ordinary maintenance	1,408,378	1,171,273
Protective services:		
Protective services - labor	444,852	413,619
Protective services - other contract costs	72,834	79,731
Protective services - other	-	25,804
Employee benefit contributions - protective services	145,856	131,264

See accompanying notes to financial statements.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009  
(Continued)

	2010	2009
Insurance expense:		
Property insurance	371,903	427,281
Liability insurance	212,299	144,303
Workman's compensation insurance	196,439	213,340
Other insurance	143,843	189,321
General expenses:		
Other general expenses	1,048,721	843,020
Payments in lieu of taxes	248,463	138,137
Bad debt	209,233	227,347
Total operating expenses	55,510,641	56,164,997
<b>Operating Income (Loss)</b>	8,861,524	4,855,703
<b>Non-Operating Revenue (Expenses):</b>		
Casualty losses - non-capitalized	(12,644)	(182,621)
Interest expense	(836,907)	(748,394)
Loss on disposal of capital asset	(3,828,634)	9,265
Depreciation and amortization expense	(7,550,286)	(8,067,384)
Total non-operating revenue (expenses)	(12,228,471)	(8,989,134)
<b>Capital Contributions:</b>		
HUD capital grants	8,202,085	1,560,648
Partnership contribution	382,061	1,504,601
Total capital contributions	8,584,146	3,065,249
<b>Change in Net Assets</b>	5,217,199	(1,068,182)
Total net assets - beginning, as restated	180,005,988	181,074,170
Total net assets - ending	\$ 185,223,187	\$ 180,005,988

(Concluded)

See accompanying notes to financial statements.



# ALLEGHENY COUNTY HOUSING AUTHORITY

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
<b>Cash Flows From Operating Activities:</b>		
Operating grants received	\$ 54,279,812	\$ 49,378,462
Receipts from tenants	8,535,212	8,085,773
Other receipts	2,354,282	4,179,569
Housing assistance payments	(26,941,374)	(28,614,008)
Payments for good and services	(15,772,460)	(15,921,163)
Payments to employees	(12,458,306)	(11,653,971)
Net cash provided by (used in) operating activities	9,997,166	5,454,662
<b>Cash Flows From Noncapital and Related Financing Activities:</b>		
Cash received from partnership contribution	382,061	1,504,601
Loan principal payments made	-	(2,746)
Loan interest payments made	-	(4,869)
Loan repayments received	132,524	457,230
Net cash provided by (used in) noncapital and related financing activities	514,585	1,954,216
<b>Cash Flows From Capital and Related Financing Activities:</b>		
HUD and other capital grants	1,732,320	849,767
Acquisition of fixed assets and construction of capital assets	(9,917,423)	(4,286,849)
Investment in mixed finance development activities	(1,862,108)	-
Proceeds from debt	-	(372,307)
Capital lease/debt principal paid	(1,344,117)	(1,873,742)
Interest paid	(836,907)	(743,525)
Net cash provided by (used in) capital and related financing activities	(12,228,235)	(6,402,903)
<b>Cash Flows From Investing Activities:</b>		
Sale of investments	5,089,899	457,139
Interest income	91,186	183,009
Net cash provided by (used in) investing activities	5,181,085	640,148
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,464,601	1,646,123
<b>Cash and Cash Equivalents:</b>		
Beginning of year	18,865,431	17,219,308
End of year	\$ 22,330,032	\$ 18,865,431

(Continued)

See accompanying notes to financial statements.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

(Continued)

	<u>2010</u>	<u>2009</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents From Operating Activities:</b>		
Operating income (loss)	\$ 8,861,524	\$ 4,855,703
Adjustments to reconcile operating income (loss) to cash and cash equivalents provided by (used in) operating activities:		
Investment income (loss)	(91,186)	(183,009)
Change in assets and liabilities:		
Accounts receivable	1,459,389	1,782,256
Prepaid expenses and other assets	48,297	85,155
Accounts payable and accrued liabilities	283,414	219,897
Deferred revenue	(564,272)	(1,305,340)
Total adjustments	<u>1,135,642</u>	<u>598,959</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 9,997,166</u>	<u>\$ 5,454,662</u>

(Concluded)

See accompanying notes to financial statements.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The governing body of the Allegheny County Housing Authority (Authority) is its Board of Directors (Board), which is comprised of five members appointed by the County Executive with approval made by the County Council of Allegheny (County). The Board appoints an executive director to administer the affairs of the Authority. The County does not have the ability to significantly influence Authority operations, does not subsidize the Authority's operations, and does not guarantee any Authority debt service. The operations of the Authority are subsidized primarily by the federal government.

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

The Authority was incorporated as a public corporation of the Commonwealth of Pennsylvania, organized and existing under the Housing Authority Law. The Authority is charged with the responsibility to provide decent, safe, and sanitary housing for its tenants in the most efficient and economical manner, as defined by its annual contribution contracts.

#### Component Units

Consistent with applicable guidance, the criteria used by the Authority to evaluate the possible inclusion of potential component units within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the Authority reviews the applicability of the following criteria:

The Authority is financially accountable for:

1. Organizations that make up the legal Authority entity.
2. Legally separate organizations if the Authority appoints a voting majority of the organizations' governing body and the Authority is able to impose its will on the

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Authority.

- a. Impose its Will - If the Authority can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden - Exists if the Authority (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the Authority. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Authority.

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

### **Blended Component Units:**

#### Glenshaw Gardens, Inc.

The Authority exercises "oversight responsibilities" and is the owner of a for-profit corporation known as Glenshaw Gardens, Inc. (Glenshaw) that operates a market rate housing unit. Glenshaw also serves as the property management agency for seven additional housing sites, and receives a management fee for its services. Stand-alone financial statements for Glenshaw are not issued.

Prior to fiscal year 2010, Glenshaw was reported as a discretely presented component unit of the Authority. As the Authority has expanded the nature of its housing operations over the years, the individual significance of Glenshaw as compared to the Authority as a whole has decreased. Because of this, the Authority has chosen to present Glenshaw as a blended component in the current period, and into the future, due to the similarity of its operations to those of the Authority as a whole. Due to the comparative nature of these financial statements, beginning net asset amounts have been restated at December 31, 2008 to reflect the inclusion of Glenshaw within the Authority's reporting unit.

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### Harrison High Rise

In March 1978, the Authority entered into a 30-year lease agreement with Allegheny Housing Development Corporation (Corporation) to lease Harrison High Rise (Harrison) upon completion of its construction. To finance the construction of Harrison, the Corporation issued Serial Revenue Bonds dated January 1, 1978 through and including December 1, 2008. These bonds were paid in full during 2005.

### Other Blended Component Units

The Authority has other non-profit organizations (Three Rivers Communities, Inc., Three Rivers GP Corp., Ohio Valley Housing GP Corp., Waterfront Housing GP Corp., and Fox Hill Management, Inc.) that were formed in conjunction with certain Authority endeavors. To the extent these non-profits have activity, the activity is presented as part of the business activities program. Additionally, the Authority has various interests in numerous partnerships that are considered to be component units. Separately issued audited financial statements for the years ended December 31<sup>st</sup> are available at the Authority's administrative office at 625 Stanwix Street, 12<sup>th</sup> Floor, Pittsburgh, PA 15222. For further information refer to Note 3 – Partnerships.

### Basis of Accounting

The Authority is accounted for as a proprietary fund and is considered to be an Enterprise Fund and, as such, uses the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds*," the Authority applies all GASB pronouncements and all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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

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

All Capital Fund Program activity (except for Capital Fund Program funding through the American Recovery and Reinvestment Act (ARRA), as described below) is required to be reported together with the LIPH Program on the Financial Data Schedule.

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

All Capital Fund Program activity (except for Capital Fund Program funding through the ARRA, as described below) is required to be reported together with the LIPH Program on the Financial Data Schedule.

Capital Fund Program - ARRA: Under the Capital Fund Program - ARRA, the Authority receives additional funding to be used for purposes similar to the regular Capital Fund Program as described above. This program is required to be reported separately from the regular Capital Fund Program on the Financial Data Schedule.

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

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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Supportive Housing for Persons with Disabilities Program: Under the Supportive Housing for Persons with Disabilities Program, the Authority administers contracts to provide supportive housing for persons with disabilities with independent landlords.

KDHAP: Represents Katrina Disaster Housing Assistance Program, which is HUD funds used to provide temporary rental assistance to families displaced as a result of Hurricane Katrina.

VASH: Represents Veterans Affairs Supportive Housing funding, which combines HUD Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the Veterans Affairs at its medical centers and in the community.

DHAP: Represents Disaster Housing Assistance Program, which is HUD funds used to provide temporary rental assistance to families displaced as a result of natural disasters.

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

CDBG and HOME Programs: Represents Community Development Block Grants and HOME Grants, which are HUD funds passed through the Allegheny County Department of Economic Development.

Residential Opportunity Supportive Services (ROSS): A grant program awarded by HUD to foster resident business opportunities and supportive services.

HOPE VI Program: A program funded by HUD to explore redevelopment opportunities and to plan, design, and build new housing communities.

Other Federal and State and Local Programs: Represents other grants programs not included above, that vary from year to year in amount and nature.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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Business Activities: The Business Activities (as further described in Note 3) included a myriad of partnerships created with outside investors designed to take advantage of tax credit regulations. These partnerships allowed the Authority to undertake major rehabilitation and total rebuilding projects, that otherwise would not have been possible, due to limited government funding. Also included were the non-profits (Three Rivers Communities, Inc., Three Rivers GP Corp., Ohio Valley Housing GP Corp., Waterfront Housing GP Corp., Fox Hill Management, Inc., and Waterfront Fraser, LLC), that were created to support the Authority in serving the low income residents of the County.

In continuing to streamline the reporting requirements under site based accounting, and as required by HUD, for the year ended September 30, 2009 and into the future, the Authority moved many of these internal accounting funds from the Business Activities Program to the LIPH Program, to correspond to the various LIPH sites managed by the Authority.

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

### Non-operating Revenue - Partnership Contribution

To the extent that partnerships received funds to construct capital assets from an entity other than the Authority, this income is shown as a capital contribution.

### Budgets

The Authority's activities are governed by budgets established with its grantor agencies, chiefly HUD.

### Statements of Cash Flows

For purposes of the statements of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless funds are meant as long-term investments.

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### Accounts Receivable

The Authority records the total amount of revenue billed or accrued in accounts receivable. The portion of accounts receivable not expected to be collected is offset by an allowance for uncollectible accounts, estimated based on historical experience.

### Investments

The Authority's investments are stated at fair value.

### Capital Assets

The Authority capitalizes fixed assets with a value of \$5,000 or greater and useful lives exceeding beyond one year. Fixed assets are valued at historical or estimated historical cost. Depreciation is computed using the straight-line method over their estimated useful lives: 25-40 years for buildings and extensive modernization efforts; 12 years for standard modernization efforts; five years for vehicles; three years for dwelling equipment; and three years for computer equipment.

### Compensated Absences

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

### Inventories

Materials and supplies are expensed when purchased.

### Reclassification

Certain prior year amounts were reclassified to conform to the current year presentation.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### Classifications of Net Assets

The following are the three categories of net assets as required by GASB Statement No. 34:

- Invested in capital assets, net of related debt – This component of net assets consists of 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 these assets.
- Restricted – The Authority’s restricted net assets as of September 30, 2010, consisted of \$17,874,642 restricted in accordance with mixed financing and loan agreements as discussed in Notes 5 and 6, respectively, \$5,196,226 restricted per various partnership escrow agreements in the Business LIPH Program, and \$3,704,990 and \$576,542 of net assets restricted in the Housing Choice Voucher Program and other Section 8 programs, respectively, as this portion of net assets is available only for future housing assistance payments.

The Authority’s restricted net assets as of September 30, 2009, consisted of \$16,997,067 restricted in accordance with mixed financing and loan agreements in the Business Activities program as discussed in Notes 5 and 6, respectively, \$4,486,570 restricted per various partnership escrow agreements in the LIPH Program, and \$2,039,222 and \$518,832 of net assets restricted in the Housing Choice Voucher Program and other Section 8 programs, respectively, as this portion of net assets is available only for future housing assistance payments.

- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

## 2. CASH AND INVESTMENTS

### Cash

Statutes allow the Authority to invest in direct obligations of the federal government backed by the full faith and credit of the United States of America, obligations of

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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federal government agencies, securities of government-sponsored agencies, and demand and savings deposits. The Authority's depositories are required by statute to continuously and fully secure all deposits in excess of the amounts insured under federal or state plans by the deposit or setting aside of collateral of the types, and in the manner as is prescribed by state law for the security of public funds. Such collateral shall at all times be of a market value at least equal to the amount of deposits so secured.

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

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

As of September 30, 2010, \$1,424,705 of the Authority's \$20,634,212 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$19,209,507 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$19,095,684 as of September 30, 2010.

Excluded from the above amounts, but presented as cash and cash equivalents on the statement of net assets, are investments of \$3,234,348 (book and bank value) described in more detail under the investments section below.

As of September 30, 2009, \$1,310,429 of the Authority's \$18,642,281 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$17,331,852 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$17,664,512 as of September 30, 2009.

Excluded from the above amounts, but presented as cash and cash equivalents on the statement of net assets, are investments of \$1,200,919 (book and bank value) described in more detail under the investments section below.

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### Investments

Investments consisted of the following at September 30, 2010 and 2009:

<u>Investment Type</u>	<u>Fair Market Value</u>	
	<u>2010</u>	<u>2009</u>
INVEST	\$ 15,975	\$ 15,946
U.S. Agencies	413,791	368,290
Mutual fund - Blackrock	<u>3,319,000</u>	<u>6,421,000</u>
	<u>\$ 3,748,766</u>	<u>\$ 6,805,236</u>

As of September 30, 2010, the entire investments in INVEST and U.S. Agencies of \$15,975 and \$413,791, respectively, as well as \$2,804,582 of the mutual fund investment are considered to be cash equivalents for presentation on the statement of net assets. As of September 30, 2009, the entire investments in INVEST and U.S. Agencies of \$15,946 and \$368,290, respectively, as well as \$816,683 of the mutual fund investment are considered to be cash equivalents for presentation on the statement of net assets.

The fair value of the Authority's investments is the same as their carrying amount. The fair value of the Authority's investments in the external investment pool (INVEST) is the same as the value of the pool shares.

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

*Credit risk.* The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Authority has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of September 30, 2010 and 2009, investments in INVEST and Blackrock have received an AAA rating from Standard & Poor's.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Authority does not have a formal investment policy for custodial credit risk. The Authority's investments in INVEST and

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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Blackrock are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit Risk* – The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority has no investments of greater than 5% with one issuer.

*Interest Rate Risk* – The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

### 3. PARTNERSHIPS

Because of the Authority's ongoing involvement and regulatory authority with the partnerships discussed below, HUD limitations on use of the properties, and because the outside entities involved in the partnerships do not benefit in the risks and rewards of ownership, except under certain limited circumstances, all the below partnerships are considered component units of the Authority in accordance with GASB Statement No. 14, "*Financial Reporting Entity*."

The related financial information of these partnerships are reflected in the Authorities financial statements and are considered to be part of the LIPH program. Transactions between the Authority and the partnerships have been eliminated in the financial statements. Contributions by the other entities involved in the partnerships are treated as non-operating revenue (partnership contribution) to the Authority.

During development of these sites, it is the Authority's policy to record only the activity funded by the Authority's contributions to the partnership until development is substantially complete. At that time, and after completion of a cost certification, the Authority records the entire partnership for presentation in the financial statements.

The Authority, through its wholly-owned non-profit subsidiary, Three Rivers GP Corp., is the general partner of Hays Manor Associates (HMA), a limited partnership formed to facilitate private investment in the Hays Manor Low Income Public Housing (LIPH) site. The Authority has retained responsibility for the operations of Hays Manor and under certain conditions, can be compelled to reacquire the property.

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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The Authority, through its wholly-owned non-profit subsidiary, Ohio Valley Housing GP Corp., is the co-general partner, along with Pennrose Equities, Ralph A. Falbo, Inc., and Halliday Properties, of Groveton Housing Partnership, L.P., a limited partnership formed to facilitate private investment in the Groveton Village LIPH site. The Groveton Village site was leased to Groveton Housing Partnership in December 2001. The admission of a third-party independent investor (Related Direct SLP, L.L.C.) also took place in December 2001. The partnership has retained responsibility for the operation of residential portion of the Groveton Village apartment complex, with the Authority acting as management agent. The Authority may, under certain circumstances, be compelled to reacquire the property.

The Authority, through its wholly-owned nonprofit subsidiary, Three Rivers Communities, Inc., is the co-general partner, along with Trek Development, of seven limited partnerships. The partnerships are formed to facilitate private investment in low income and tax credit housing at various sites in Allegheny County. The limited partnerships use mixed financing funding sources including tax credits, private equity funding, bank loans, and HUD Capital Program Funding and HUD HOPE VI Program Funding for the construction of the housing units. The third-party independent investor in all of the partnerships is Columbia Housing SLP Corporation, except for the Sharpsburg Housing Limited Partnership, where the third-party investor is PNC Capital. The partnerships have retained operational responsibility for the buildings and have appointed the Authority as the management agent, except for the Tarentum properties, where NDC Real Estate is the management agent. The Authority may, under certain circumstances, be compelled to reacquire the property. The partnerships are as follows:

	<u>Number of Units</u>
Sharpsburg Housing Limited Partnership	36
Homestead Housing Limited Partnership I	60
Homestead Housing Limited Partnership II	60
Homestead Housing Limited Partnership III	60
Homestead Housing Limited Partnership IV	52
Tarentum Housing Partnership I	48
Tarentum Housing Partnership II	72

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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The Authority, through its wholly-owned nonprofit subsidiary, Waterfront Housing G.P. Corp., is the co-general partner, along with Trek Development, of Felix Negley Limited Partnership. The partnership was formed to facilitate private investment in 26 units of low income and tax credit housing using mixed financing funding sources including tax credits and private equity funding. The third-party equity investor and limited partner is PNC Bank. The partnership has retained operational responsibility for the buildings and appointed the NDC Real Estate Management, Inc. as the management agent. The Authority may, under certain circumstances, be compelled to reacquire the property.

The Authority, through its wholly-owned nonprofit subsidiary, Fox Hill Management, Inc., is the sole general partner in two entities, the Ohioview I Limited Partnership and the Ohioview II Limited Partnership. The limited partner in both partnerships is Related Capital Company. The partnerships were formed to facilitate the development of 112 units (80 public) of housing at Ohioview I and 69 (43 public) units of housing at Ohioview II using mixed financing sources including tax credits, private equity, and HUD Hope VI Program funding. The partnerships have retained operational responsibility for the buildings and have appointed Pennrose Equities as the management agent. The Authority may, under certain circumstances, be compelled to reacquire the property.

The Authority, through its wholly-owned nonprofit subsidiary, Fox Hill Management, Inc., is the co-general partner, along with Pennrose Equities and Halliday Properties, of Dumplin Hall Housing Partnership, L.P. I, a limited partnership formed to facilitate private investment in the Dumplin Hall LIPH site. The limited partner is Related Capital Company. The partnerships were formed to facilitate the development of 46 units of public housing using mixed financing sources including tax credits, private equity, and HUD Hope VI Program funding. The partnership has retained operational responsibility for the building and also acts as the management agent. The Authority may, under certain circumstances, be compelled to reacquire the property.

The Authority, through its wholly-owned nonprofit subsidiary, Waterfront Fraser, LLC, is the co-general partner, along with Trek Development, of Fraser Housing Limited Partnership, a limited partnership formed to facilitate private investment in the Fraser Hall LIPH site. The limited partners are S&T Bank and Colton Enterprises, Inc. The partnerships were formed to facilitate the development of 68 public housing units and 4 project based voucher units using mixed financing sources including tax credits, private equity, HOME funding, and Capital Program funding. Construction is anticipated to be completed in late 2010. The partnership has retained

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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operational responsibility for the building and also acts as the management agent. The Authority may, under certain circumstances, be compelled to reacquire the property.

During the year ending September 30, 2004, West Pine Affordable Housing, Inc., a wholly-owned subsidiary of the Authority, became a limited partner in West Pine Associates at a cost of \$225,000, and during the year ended September 30, 2008, increased their investment to \$245,000. The low-income housing apartment complex consists of 38 units, of which 8 units will be occupied by public housing tenants, under a regulatory and operating agreement. The Authority, under no circumstances, can be compelled to acquire the property or acquire operational responsibility. The \$245,000 investment is shown on the statement of net assets as investment in partnership as of September 30, 2010.

#### **4. CAPITAL ASSETS/ACCUMULATED DEPRECIATION**

A summary of changes in capital assets during fiscal year 2010 for the primary enterprise entity is as follows:



# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	September 30, 2009	Increases/ Transfers	Decreases/ Transfers	September 30, 2010
Capital assets, not being depreciated:				
Land	\$ 10,771,134	\$ 175,549	\$ -	\$ 10,946,683
Construction in progress	4,824,290	9,338,432	(788,814)	13,373,908
Total capital assets not being depreciated	15,595,424	9,513,981	(788,814)	24,320,591
Capital assets being depreciated:				
Buildings	239,266,695	1,320,509	(11,982,422)	228,604,782
Furniture, equipment, and machinery - dwellings	12,938,825	23,855	(470,216)	12,492,464
Furniture, equipment, and machinery - administration	928,373	232,315	-	1,160,688
Total capital assets, being depreciated	253,133,893	1,576,679	(12,452,638)	242,257,934
Less accumulated depreciation for:				
Buildings	(104,562,453)	(6,180,683)	8,145,312	(102,597,824)
Furniture, equipment, and machinery - dwellings	(6,716,357)	(723,730)	-	(7,440,087)
Furniture, equipment, and machinery - administration	(714,877)	(68,454)	-	(783,331)
Total accumulated depreciation	(111,993,687)	(6,972,867)	8,145,312	(110,821,242)
Total capital assets being depreciated, net	141,140,206	(5,396,188)	(4,307,326)	131,436,692
Total capital assets	\$ 156,735,630	\$ 4,117,793	\$ (5,096,140)	\$ 155,757,283

A summary of changes in capital assets during fiscal year 2009 for the primary enterprise entity is as follows:

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	September 30, 2008	Increases/ Transfers	Decreases/ Transfers	September 30, 2009
Capital assets, not being depreciated:				
Land	\$ 10,643,570	\$ 127,564	\$ -	\$ 10,771,134
Construction in progress	11,661,745	3,097,571	(9,935,026)	4,824,290
Total capital assets not being depreciated	22,305,315	3,225,135	(9,935,026)	15,595,424
Capital assets being depreciated:				
Buildings	230,910,272	8,388,455	(32,032)	239,266,695
Furniture, equipment, and machinery - dwellings	10,123,451	2,815,374	-	12,938,825
Furniture, equipment, and machinery - administration	793,728	154,504	(19,859)	928,373
Total capital assets, being depreciated	241,827,451	11,358,333	(51,891)	253,133,893
Less accumulated depreciation for:				
Buildings	(97,706,082)	(6,864,037)	7,666	(104,562,453)
Furniture, equipment, and machinery - dwellings	(6,108,029)	(608,328)	-	(6,716,357)
Furniture, equipment, and machinery - administration	(696,250)	(38,486)	19,859	(714,877)
Total accumulated depreciation	(104,510,361)	(7,510,851)	27,525	(111,993,687)
Total capital assets being depreciated, net	137,317,090	3,847,482	(24,366)	141,140,206
Total capital assets	\$ 159,622,405	\$ 7,072,617	\$ (9,959,392)	\$ 156,735,630

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### 5. NOTES RECEIVABLE

In 2002, the Authority recorded long-term notes receivable for second mortgages of \$80,000 in Business Activities (Three Rivers) and \$71,000 in the LIPH Fund, (total \$151,000), at 0% for twenty years. If a property is sold, the related note becomes due. After ten years, the Authority will forgive these notes at a rate of 10% a year for ten years. These mortgages are still outstanding at September 30, 2010.

In fiscal year 2002, the Authority issued a note in the amount of \$534,396, at 5.7% for a term of fourteen years, to assist a local non-profit entity in financing construction costs as related to a property (The Life Center) leased to the non-profit entity by the Authority. This amount outstanding at September 30, 2010 and 2009 was \$221,988 and \$259,413, respectively.

Business Activities (Three Rivers) also has a long-term note receivable from a private developer for the Lavender Heights property of \$505,300 for 30 years at zero percent. The receivable is recorded at its net present value, assuming a 5% interest rate, of \$199,964 at September 30, 2010 and \$190,442 at September 30, 2009.

In fiscal year 2006, Business Activities (Three Rivers) issued multiple second mortgage notes in the amount of \$731,347 at 0% for ten years. If any of the properties (which are located at Pleasant Ridge) are sold, the related note would become due. The Authority will amortize these notes at a rate of 10% a year for ten years. All notes were outstanding as of September 30, 2010, and the amortization expense for these notes was \$73,135 and \$73,131 in fiscal years 2010 and 2009, respectively. Cumulative amortization as of September 30, 2010 and 2009 was \$348,523 and \$275,389, respectively. The outstanding balance on these notes was \$382,824 and \$455,966 as of September 30, 2010 and 2009, respectively.

In fiscal year 2008, the Authority, through its Business Activities (Three Rivers), financed six units through the Ohioview II Homeownership Program. At that time the Authority recorded a receivable in the amount of \$182,226, which represented 50% of the selling price of the units. The remaining portion of the selling price is forgiven through this program. The amount outstanding is \$0 as of September 30, 2010 and \$91,162 as of September 30, 2009, respectively. This receivable is reported within Business Activities (Three Rivers).

A summary of the above-described notes receivable as of September 30, 2010 and 2009 is as follows:

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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Note	2010	2009
Second mortgages	\$ 151,000	\$ 151,000
Lavender Heights	199,964	190,442
Ohioview II Homeownership	-	91,162
Pleasant Ridge second mortgages	382,824	455,966
Life Center note	221,988	259,413
Total	<u>\$ 955,776</u>	<u>\$ 1,147,983</u>

### 6. MIXED FINANCE DEVELOPMENT ACTIVITIES

In addition to the partnerships, as noted in Note 3, the Authority has invested in various mixed financing agreements, in an effort to improve housing stock using outside funding sources along with traditional HUD funding. The Authority holds various notes and mortgages receivable totaling \$20,798,786. The notes and mortgages range in length from 15 years to 40 years, with no payment being due until maturity. Interest rates range from 0% to 7.11%. These long-term investments are amortized over the life of each note receivable, as it is the Authority's intent to continue to utilize these properties for its low-income housing mission over the life of these loans. Amortization expense is included in depreciation and amortization expense in the statements of revenues, expenses, and changes in net assets.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

As of September 30, 2010, the balance of investment in mixed finance development activities totaled as noted:

<u>Property</u>	<u>Term</u>	<u>Due Date</u>	<u>Amount</u>
Monroe Meadows	30 years	1/10/2031	\$ 940,500
Forest Green # 1	40 years	8/14/2040	2,475,000
Myers Ridge	40 years	2/13/2040	3,238,830
Forest Green # 2	40 years	8/14/2040	49,715
Myers Ridge #2	40 years	8/1/2040	3,124,045
Caldwell Station	15 years	6/18/2012	434,000
Ohioview Infrastructure	40 years	10/17/2044	8,674,588
North Hills Housing LP 1	40 years	3/1/2051	1,363,333
North Hills Housing LP 2	40 years	3/1/2051	498,775
Subtotal			<u>20,798,786</u>
Amortization as of September 30, 2009		(3,087,594)	
Amortization for the year ended September 30, 2010		<u>(499,338)</u>	
	Amortization as of September 30, 2010		<u>(3,586,932)</u>
	Balance at September 30, 2010		<u><u>\$ 17,211,854</u></u>

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

As of September 30, 2009, the balance of investment in mixed finance development activities totaled as noted:

<u>Property</u>	<u>Term</u>	<u>Due Date</u>	<u>Amount</u>
Monroe Meadows	30 years	1/10/2031	\$ 940,500
Forest Green # 1	40 years	8/14/2040	2,475,000
Myers Ridge	40 years	2/13/2040	3,238,830
Forest Green # 2	40 years	8/14/2040	49,715
Myers Ridge #2	40 years	8/1/2040	3,124,045
Caldwell Station	15 years	6/18/2012	434,000
Ohioview Infrastructure	40 years	10/17/2044	8,674,588
Subtotal			<u>18,936,678</u>
Amortization as of September 30, 2008		(2,588,256)	
Amortization for the year ended September 30, 2009		<u>(499,338)</u>	
	Amortization as of September 30, 2009		<u>(3,087,594)</u>
	Balance at September 30, 2009		<u><u>\$ 15,849,084</u></u>

### 7. TARENTUM LIFE CENTER LEASE

In March 2007, the Authority entered into an agreement with a local non-profit entity for the leasing of the Tarentum Life Center, a building owned and constructed by the Authority in 2007. This senior housing development provides services for elderly low-income housing residents in the area. As part of the agreement the non-profit entity must comply with certain requirements set forth by the Authority in regard to the use of the building, specifically that it will be used for an adult daily living center, licensed by the Pennsylvania Department of Aging.

The term of the lease is for 15 years, with payments due monthly, ranging from approximately \$17,000 at the beginning of the lease term to approximately \$21,000 at the end of the lease term. The tenant may terminate this lease at any time during the fourth year of the lease by paying the Authority a termination fee of \$300,000. To secure payment of such a fee, the tenant has deposited \$300,000 with an escrow agent in the Authority's name. This security deposit, including any interest earned, will be returned to the tenant at the end of four years if they do not terminate the lease.

Expected yearly payments are as follows:

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 213,270
2012	216,420
2013	219,666
2014	222,912
2015	226,260
Thereafter	<u>1,555,476</u>
	<u>\$ 2,654,004</u>

The net book value of this building was approximately \$2,884,000 as of September 30, 2010 and 2009. Depreciation on the building during the year was approximately \$115,000 and \$115,000 in 2010 and 2009, respectively.

### 8. PENSION PLAN

The Authority sponsors a defined contribution, contributory pension plan (Plan) covering all eligible employees. Plan provisions and contribution requirements are established and may be amended by the Authority. All full-time employees are eligible to participate in the Plan upon completion of one hundred and eighty days of full-time employment. In fiscal years 2010 and 2009, the Authority contributed from 8% to 8.5% of the employee's salary, based upon their employment contract. The employee's mandatory contribution is 4% of salary, with optional employee contributions permitted up to a maximum of \$16,500 and an additional \$5,500 catch-up for certain employees over age 50. After five years of service, participants are 100% vested. The Authority deposits the total contribution with a trustee for investment and administration. The table below approximately summarizes pension financial data for fiscal years 2010 and 2009:

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
Plan participants at year-end	175	163
Employer contributions	\$ 656,000	\$ 614,400
Employee contributions	\$ 420,000	\$ 400,000
Total payroll	\$ 8.1 million	\$ 7.7 million
Plan payroll	\$ 7.8 million	\$ 7.2 million

### 9. OPERATING LEASE

The Authority entered into a non-cancelable lease agreement for their current office space in March 2002, for which the lease expires December 31, 2018. Rental expense for the office lease amounted to approximately \$306,000 and \$306,000 for years ended September 30, 2010 and 2009, respectively.

Future minimum lease payments relating to the office space are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Minimum Lease Payments</u>
2011	\$ 306,102
2012	306,102
2013	320,346
2014	330,110
2015	330,110
2016-2018	741,493
	<u>\$ 2,334,263</u>

### 10. LONG – TERM DEBT

#### Notes and Mortgages Payable

In December 2002, Groveton Housing Limited Partnership (a public housing site of the Authority, report within the LIPH Program) obtained a mortgage note, from a financial institution, in the amount of \$345,000. The note bears no interest and payments are not required until maturity at 40 years from the date the project is



# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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placed in service, as defined by the mortgage note. The note is collateralized by property leased by the developer from the Authority.

Homestead Housing Development Limited Partnership (a public housing site of the Authority, report within the LIPH Program) has a note payable in an original principal amount of \$806,139 payable to Pennsylvania Housing Finance Agency, due May 13, 2032. Annual payments of \$26,871 are to be paid from surplus of revenues over expenses, if any, generated by the project during the calendar year. No interest will be due and payable. The note is collateralized by a first leasehold mortgage on the apartment complex.

In November 2005, Ohioview Housing Limited Partnership, (a public housing site of the Authority, report within the LIPH Program) obtained a note payable in an original principal amount of \$500,000 (of which \$470,000 was borrowed as of September 30, 2010 and 2009) payable to Action Housing Inc., due November 2045. Annual principal payments of \$26,871 are to be paid from surplus of revenues over expenses, if any, generated by the project during the calendar year. No interest will be due and payable. The note is collateralized by a first leasehold mortgage on the apartment complex.

In January 2006, Tarentum Housing Limited Partnership (a public housing site of the Authority, report within the LIPH Program) obtained a note payable in an original principal amount of \$914,600 (of which the entire amount of \$914,600 was borrowed as of September 30, 2010 and 2009) payable to the Pennsylvania Housing Finance Agency due 2036. Annual payments are due in an amount equal to 50% of the surplus of revenues over expenses, if any, generated by the project during the calendar year. No interest will be due and payable. The note is collateralized by a first leasehold mortgage on the apartment complex.

In October 2004, Ohioview Housing Limited Partnership II, (a public housing site of the Authority, report within the LIPH Program) obtained a note payable in an original principal amount of \$1,250,000 (of which the entire balance was borrowed as of September 30, 2010 and 2009) payable to Action Housing Inc., due 40 years from the issuance of the certificates of occupancy for the unit, estimated to be 2047. Annual principal payments are to be paid from the surplus of revenues over operating expenses, if any, generated by the project during the previous calendar year. No interest will be due and payable. The note is collateralized by property leased by the developer from the Authority.

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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As described more fully in Note 3, during development, the activities of the mixed financing partnerships are recorded by the Authority to the extent that they are financed by the Authority.

In March 2007, the Authority obtained a note payable in an original principal amount of \$1,800,000, of which only \$1,755,378 was ultimately borrowed by the Authority and payable to S&T Bank. This note was obtained to assist in financing the construction of the Tarentum Life Center. Payments of principal and interest of \$8,671 are due monthly through 2022. The note bears interest at a rate of 5.3275% and is collateralized by a first leasehold mortgage on the property. The below schedule is an estimated payment schedule as of September 30, 2010.

<u>Fiscal Year Ending September 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
2011	\$ 42,227	\$ 61,820
2012	44,276	59,771
2013	46,897	57,150
2014	49,494	54,553
2015	52,235	51,812
2016-2020	307,632	212,603
2021-2023	622,436	66,075
	<u>\$ 1,165,197</u>	<u>\$ 563,784</u>

In November 2008, the Authority (through their Three Rivers Business Activity) purchased four rental properties. As part of that purchase, the Authority assumed the remaining portion of the existing mortgages on three of these properties in the amounts of \$228,308, \$142,960, and \$70,513. These notes bear interest at rates of 2.0%, 3.0%, and 3.02%, respectively. Payments of principal and interest are due in monthly installments of \$1,968, \$2,530 and \$1,631, respectively, through November 2019, March 2014 and December 2012, respectively. As currently established, the monthly payment will not exceed the monthly cash flow from the real property and improvements to the property which secures each note.

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# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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Although payments were to begin in March 2009, due to continuing negotiations regarding the above-noted requirement limiting the monthly payment, interest-only payments were made during 2009 and 2010, and principal payments will begin in 2011. The amounts due in 2009 and 2010 have been included as amounts due in 2011 in the below schedule. As of September 30, 2010, the aggregate principal balance outstanding was \$441,781.

<u>Fiscal Year Ending September 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
2011	\$ 100,925	\$ 15,526
2012	66,044	7,504
2013	67,888	5,660
2014	54,950	3,921
2015	36,121	2,678
2016-2020	<u>115,853</u>	<u>6,185</u>
	<u>\$ 441,781</u>	<u>\$ 41,474</u>

In February 2006, the Authority issued three notes in the amount of \$500,000, \$700,000, and \$2,800,000, and in August 2006 issued an additional note in the amount of \$2,000,000. These notes were issued to assist in providing funding for continuing mixed financing projects as described in Notes 3 and 6 and bear interest at rates of 4.46%, 6.58%, 6.58%, and 7.02%, respectively. Payments of principal and interest are due annually through October 2025. The notes are collateralized by future Capital Fund grant revenues of the Authority. As of September 30, 2010, the aggregate principal balance outstanding was \$4,800,000.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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<u>Fiscal Year Ending September 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
2011	\$ 300,000	\$ 314,357
2012	300,000	294,710
2013	300,000	275,062
2014	300,000	255,415
2015	300,000	235,768
2016-2020	1,500,000	919,232
2021-2025	1,500,000	428,046
2026	300,000	33,688
	<u>\$ 4,800,000</u>	<u>\$ 2,756,278</u>

### Capital Leases

The Authority includes amortization expense for all capital lease assets in depreciation expense in the statements of revenues, expenses, and changes in net assets.

The Authority has entered into five agreements to acquire equipment through capital leases for the LIPH Program. Leases two and four noted below are refinancing agreements of the original leases entered into in October 2000 and March 2002. The table below shows the agreement dates, term, interest rates, monthly payments, and repayment schedule for these five leases:

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

Fiscal Year Ending September 30th:

	<u>Lease #1</u>	<u>Lease #2</u>	<u>Lease #3</u>	<u>Lease #4</u>	<u>Lease #5</u>	<u>Total Leases</u>
Agreement date	June, 1999	Nov, 2003	June, 2001	Nov, 2003	July, 2007	
Term	120 Months	121 Months	135 Months	109 Months	144 Months	
Equipment value	\$ 1,809,756	\$ 4,370,391	\$ 357,119	\$ 1,484,334	\$ 2,780,428	\$ 10,802,028
Interest rate	5.26%	4.26%	5.60%	4.10%	4.50%	
Monthly payment	\$ 19,980	\$ 42,324	\$ 3,739	\$ 16,501	Varies	\$ 82,544
Due in fiscal year 2011	\$ -	\$ 507,888	\$ 44,865	\$ 198,011	\$ 293,435	\$ 1,044,199
Due in fiscal year 2012	-	507,888	44,865	198,011	318,821	1,069,585
Due in fiscal year 2013	-	507,888	44,865	49,504	301,140	903,397
Due in fiscal year 2014	-	126,972	11,218	-	304,114	442,304
Due in fiscal year 2015	-	-	-	-	309,094	309,094
Due fiscal years 2016-2020	-	-	-	-	1,524,199	1,524,199
Total payments	-	1,650,636	145,813	445,526	3,050,803	5,292,778
Less interest	-	111,715	12,782	20,626	647,610	792,733
Present value	<u>\$ -</u>	<u>\$ 1,538,921</u>	<u>\$ 133,031</u>	<u>\$ 424,900</u>	<u>\$ 2,403,193</u>	<u>\$ 4,500,045</u>

Accumulated depreciation on the five equipment leases was approximately \$6.4 million and \$5.7 million as of September 30, 2010 and 2009, respectively.

In addition to the above leases, the Authority has additional capital leases totaling approximately \$53,000, which are not considered to be material.

Total long-term debt payments are as follows:

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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Fiscal Year Ending September 30,	
2011	\$ 1,887,807
2012	1,886,208
2013	1,656,054
2014	1,160,636
2015	987,708
2016-2020	4,550,605
2021-2025	2,581,458
2026	256,421
2032 ( Homestead)	806,139
2036 (Tarentum)	914,600
2042 (Groveton)	345,000
2045 (Ohioview I)	470,000
2047 (Ohioview II)	<u>1,250,000</u>
Total minimum debt payments	18,752,636
Less: amounts representing interest	<u>4,070,030</u>
Future minimum debt payments	<u><u>\$ 14,682,606</u></u>

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

### Changes in Long-Term Liabilities

The schedule of changes in long-term liability activity for the year ended September 30, 2010 for the primary enterprise entity is presented below:

	Balance at September 30, 2009	Additions	Reductions	Balance at September 30, 2010	Due Within One Year
Groveton Housing, LP Note	\$ 345,000	\$ -	\$ -	\$ 345,000	\$ -
Homestead note payable - PHFA	806,139	-	-	806,139	-
Ohioview Housing I, LP Note	470,000	-	-	470,000	-
Tarentum I note payable - PHFA	914,600	-	-	914,600	-
Ohioview Housing II, LP Note	1,250,000	-	-	1,250,000	-
Tarentum Life Center Note	1,205,403	-	(40,206)	1,165,197	42,227
3 Rivers Rental Properties Notes	441,781	-	-	441,781	100,925
CFFP notes payable	5,100,000	-	(300,000)	4,800,000	300,000
Capital leases	5,557,027	-	(1,067,138)	4,489,889	889,129
Compensated absences	739,436	162,082	(147,772)	753,746	150,661
Legal contingency	493,961	-	(493,961)	-	-
Other noncurrent	1,101,328	186,103	(294,388)	993,043	28,328
Total noncurrent liabilities	<u>\$ 18,424,675</u>	<u>\$ 348,185</u>	<u>\$(2,343,465)</u>	<u>\$ 16,429,395</u>	<u>\$ 1,511,270</u>

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

The schedule of changes in long-term liability activity for the year ended September 30, 2009 for the primary enterprise entity is presented below:

	Balance at September 30, 2008		Additions	Reductions	Balance at September 30, 2009		Due Within One Year
Groveton Housing, LP Note	\$	345,000	\$ -	\$ -	\$	345,000	\$ -
Homestead note payable - PHFA		806,139	-	-		806,139	-
Ohioview Housing I, LP Note		470,000	-	-		470,000	-
Tarentum I note payable - PHFA		914,600	-	-		914,600	-
Ohioview Housing II, LP Note		1,250,000	-	-		1,250,000	-
Tarentum Life Center Note		1,755,378	-	(549,975)		1,205,403	39,727
3 Rivers Rental Properties Notes		-	441,781	-		441,781	100,925
CFFP notes payable		5,400,000	-	(300,000)		5,100,000	300,000
Capital leases		6,504,179	76,614	(1,023,766)		5,557,027	932,613
Portability deposit		873,677	-	(873,677)		-	-
Compensated absences		780,624	112,369	(153,557)		739,436	147,772
Legal contingency		200,000	293,961	-		493,961	293,961
Other noncurrent		1,111,037	120,423	(130,132)		1,101,328	-
Total noncurrent liabilities	\$	20,410,634	\$ 1,045,148	\$ (3,031,107)	\$	18,424,675	\$ 1,814,998

### 11. INTERFUND RECEIVABLE AND PAYABLE

In 2009, Business Activities (Three Rivers) issued two notes in the amounts of \$164,302 and \$208,006 to Glenshaw, to refinance a previous note. The notes both bear interest at a rate of 3.8%, and payments on the notes are due in 216 monthly installments of \$1,051 and \$1,331, respectively. The amount outstanding was \$358,858 as of September 30, 2010 and \$372,307 as of September 30, 2009. Amounts are due between entities and are eliminated for presentation on the financial statements.



# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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<u>Fiscal Year Ending</u> <u>September 30,</u>	<u>Principal</u> <u>Payment</u>	<u>Interest</u> <u>Payment</u>
2011	\$ 15,216	\$ 13,373
2012	15,804	12,785
2013	16,415	12,174
2014	17,050	11,539
2015	17,709	10,880
2016-2020	99,365	43,582
2021-2025	120,121	22,826
2026-2028	57,178	2,384
	<u>\$ 358,858</u>	<u>\$ 129,543</u>

### 12. CONTINGENCIES, CONCENTRATIONS, AND COMMITMENTS

The Authority is a defendant in various lawsuits, for which it believes it has meritorious defenses. Other than the approximately \$493,000 recorded as a legal contingency liability at September 30, 2009, outcomes that would have a material impact on the Authority's financial status are not anticipated at this time. Also, the Authority operations primarily depend on HUD funding. The Authority's ability to maintain operations may be severely impacted by a material reduction in HUD funds. A material reduction in HUD funding is not anticipated for fiscal year 2011, but such reductions may occur in future years.

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

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

The Authority is also involved in contracts related to various projects. Construction and development commitments outstanding related to these projects as of September 30, 2010 amounted to approximately \$14.3 million.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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### **13. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance the Authority purchases from independent third parties. Settled claims from these risks have not significantly exceeded commercial insurance coverage in the past. There were no significant changes in insurance coverage during the year.

## **Additional Information**

**Entity-Wide Financial  
Data Schedule**











2010		14.850	740	790	791	14.871	97.109	14.856	14.856	14.856	14.884	418	14.218	14.239	14.870	14.866	TOTAL - Other Federal	TOTAL - State/Local	TOTAL BUSINESS ACTIVITIES	Glenshaw Gardens - Component Unit	SUBTOTAL	REAC Elimination	REAC TOTAL	Financial Statement Elimination	ACHA TOTAL	
Line Item No.	Description	TOTAL LIPH	Section 8 Housing Choice Voucher	Supportive Housing for Persons with Disabilities	KD HAP	Section 8 - VASH	DHAP	Section 8 - Mod Rehab 1	Section 8 - Mod Rehab 2	Section 8 - Mod Rehab 4	ARRA Competitive Total	CFP ARRA 2009	CDBG TOTAL	HOME- TOTAL	Ross/FSS Totals	TOTAL - HOPE VI										
11020	Required Annual Debt Principal Payments	635,816																		143,152	15,216	794,184		794,184		794,184
11030	Beginning equity	99,402,953	1,659,926	64,094	33,542	481,913	3,377	96,986	242,857	120,996			893,166					781	122,000	76,879,598	3,799	180,005,988		180,005,988		180,005,988
11040-070	Equity Transfers	3,864,838	1,105,681	(46,643)		51,567		(8,490)	(34,737)	(19,547)	(1,627,603)	(4,931,360)	(200,000)	(414,216)						(8,616)		(2,269,126)		(2,269,126)		(2,269,126)
11040-080	Equity Transfers	2,269,126																				2,269,126		2,269,126		2,269,126
11040	Prior period adjustments, equity transfers, and correction of errors	6,133,964	1,105,681	(46,643)		51,567		(8,490)	(34,737)	(19,547)	(1,627,603)	(4,931,360)	(200,000)	(414,216)						(8,616)						
11170-001	Administrative Fee Equity- Beginning Balance		(379,296)																		(379,296)		(379,296)		(379,296)	
11170-010	Administrative Fee Revenue		2,763,023																		2,763,023		2,763,023		2,763,023	
11170-020	Hard to House Fee Revenue																									
11170-030	Audit Costs																									
11170-040	Investment Income		7,266																		7,266		7,266		7,266	
11170-045	Fraud Recovery Revenue																									
11170-050	Other Revenue		98,538																		98,538		98,538		98,538	
11170-051	Comment for Other Revenue																									
11170-060	Total Admin Fee Revenues		2,868,827																		2,868,827		2,868,827		2,868,827	
11170-080	Total Operating Expenses		3,354,278																		3,354,278		3,354,278		3,354,278	
11170-090	Depreciation		17,697																		17,697		17,697		17,697	
11170-100	Other Expenses - equity transfers		(1,105,681)																		(1,105,681)		(1,105,681)		(1,105,681)	
11170-101	Comment for Other Expense																									
11170-110	Total Expenses		2,266,294																		2,266,294		2,266,294		2,266,294	
11170-002	Net Administrative Fee		602,533																		602,533		602,533		602,533	
11170-003	Administrative Fee Equity- Ending Balance		223,237																		223,237		223,237		223,237	
11170	Administrative Fee Equity		223,237																		223,237		223,237		223,237	
11180-001	Housing Assistance Payments Equity - Beginning Balance		2,039,222																		2,039,222		2,039,222		2,039,222	
11180-010	Housing Assistance Payments Revenue		27,616,630																		27,616,630		27,616,630		27,616,630	
11180-015	Fraud Recovery Revenue																									
11180-020	Other revenue																									
11180-021	Comment for other revenue																									
11180-025	Investment Income		27,884																		27,884		27,884		27,884	
11180-030	Total HAP revenues		27,644,514																		27,644,514		27,644,514		27,644,514	
11180-080	Housing Assistance Payments		25,978,746																		25,978,746		25,978,746		25,978,746	
11180-090	Other expense																									
11180-091	Comment for other expense																									
11180-100	Total Housing Assistance Payments Expense		25,978,746																		25,978,746		25,978,746		25,978,746	
11180-002	Net Housing Assistance Payments		1,665,768																		1,665,768		1,665,768		1,665,768	
11180-003	Housing Assistance Payment Equity - Ending Balance		3,704,990																		3,704,990		3,704,990		3,704,990	
11180	Housing Assistance Payments Equity		3,704,990																		3,704,990		3,704,990		3,704,990	
11190	Unit Months Available	33,189	63,594	720		863		156	552	324										1,224	516	101,138		101,138		
11210	Unit Months Leased	32,191	61,626	709		863		156	552	324										1,183	496	98,100		98,100		
11270	Excess Cash	5,075,441																			5,075,441		5,075,441		5,075,441	
11610	Land Purchases																									
11620	Building Purchases	8,202,086																							8,202,086	
11630	Furniture & Equipment-Dwelling Purchases																									
11640	Furniture & Equipment-Administrative Purchases																									
13510	CFPP Debt Service Payments	635,816																			635,816		635,816		635,816	
13901	Replacement Housing Factor Funds																									

**Low-Income Public Housing  
Financial Data Schedule**



Public Housing Balance Sheet

Line Item No.	Description	AMP 101	AMP 102	AMP 201	AMP 202	AMP 203	AMP 301	AMP 302	AMP 303	AMP 401	AMP 402	AMP 403	AMP 501	AMP 502	AMP 503	AMP 504	AMP 601	AMP 602	AMP 701	AMP 702	AMP 703	
311	Bank overdraft																					
312	Accounts payable <= 90 days																					
313	Accounts payable > 90 days past due																					
321	Accrued wage/payroll taxes payable	5,620	3,494	1,878	4,662	3,656	4,770	4,534		3,466	3,102	2,185	1,395	1,395	1,395	1,395	3,173	5,011	1,880	7,162	5,649	
322	Accrued compensated absences - current portion	4,390	3,667	1,580	4,501	3,496	1,847	2,151	1,063	3,232	928	1,721	1,035	1,035	1,035	1,035	3,885	757	2,801	2,874	3,600	
324	Accrued contingency liability																					
325	Accrued interest payable																					
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy				15,958	7,150				2,486		10,655	1,260	5,888	2,157				6,256	18,856	3,474	
331-020	Accounts payable - HUD PHA Programs - Capital fund																					
331-030	Accounts payable - HUD PHA Programs - Other																					
331	Accounts payable - HUD PHA Programs	-	-	-	15,958	7,150	-	-	-	2,486	-	10,655	1,260	5,888	2,157	-	-	-	6,256	18,856	3,474	
332	Accounts payable - PHA Projects																					
333	Accounts payable - other government	12,588	6,252		35,488	40,166		874		13,842	4,855	19,717							18,486	5,186	19,919	11,020
341	Tenant security deposits	49,276	31,647	4,650	37,944	38,878	14,097	22,390	7,093	23,336	11,461	21,539	6,824	7,866	8,023	12,479	29,474	22,916	11,498	28,416	14,717	
342	Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343-010	CFFP	1,588							30,845												20,870	10,259
343-020	Capital Projects/ Mortgage Revenue	99,599	56,244		70,305	80,070		55,853		69,914	92,178	42,574									76,164	75,383
343	Current portion of LTD- capital projects/mortgage revenue bonds	101,187	56,244	-	70,305	80,070	-	55,853	30,845	69,914	92,178	42,574	-	-	-	-	-	-	97,034	74,211	35,000	90,423
344	Current portion of long-term debt - operating borrowings																					
345	Other current liabilities				5,950	2,750			62				1,140	1,773	540	957			2,899	11,857	482	
346	Accrued liabilities - other																					
347	Inter program - due to	-	-	21,397	-	-	352,624	-	237,478	127,015	243,062	-	157,260	122,081	58,933	-	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	173,061	101,304	29,505	174,808	176,166	373,338	85,802	276,541	243,291	355,586	98,391	168,914	140,038	72,083	15,866	152,052	108,081	60,334	179,507	124,584	
351-010	Long-term debt - CFFP	23,814							462,678												313,053	425,000
351-020	Long-term - Capital Projects/ Mortgage Revenue	409,501	231,248	4,099,165	289,060	329,207	8,774,231	229,642	9,264,872	287,454	378,989	175,042	1,753,316	1,526,646	2,318,667	1,947,560	313,148	305,119	1,413,443	361,325	309,937	
351	Capital Projects/ Mortgage Revenue Bonds	433,315	231,248	4,099,165	289,060	329,207	8,774,231	229,642	9,727,550	287,454	378,989	175,042	1,753,316	1,526,646	2,318,667	1,947,560	626,201	305,119	1,838,443	399,458	463,821	
352	Long-term debt, net of current - operating borrowings																					
353	Non-current liabilities - other			12,160			25,875	39,800	15,885				29,026	15,151	14,706	12,618				13,797		
354	Accrued compensated absences- Non-current	17,559	14,668	6,318	18,002	13,984	7,387	9,048	4,251	12,930	3,712	6,885	4,140	4,140	4,140	4,140	15,541	3,029	11,203	11,497	14,399	
355	Loan liability - Non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities																					
357	Accrued Pension and OPEB Liability																					
350	Total Non-Current Liabilities	450,874	245,916	4,117,643	307,062	343,191	8,807,493	278,490	9,747,686	300,384	382,701	181,927	1,786,482	1,545,937	2,337,513	1,964,318	641,742	308,148	1,863,443	410,955	478,220	
300	Total Liabilities	623,935	347,220	4,147,148	481,870	519,357	9,180,831	364,292	10,024,227	543,675	738,287	280,318	1,955,396	1,685,975	2,409,596	1,980,184	793,794	416,229	1,923,777	590,462	602,804	
508.1	Invested in capital assets, net of related debt	3,319,910	698,484	877,107	548,025	745,672	(1,319,285)	5,839,487	84,289	6,576,211	2,232,846	1,357,398	3,090,716	3,878,847	3,743,681	6,542,403	4,634,997	1,821,238	3,905,094	4,950,395	1,432,075	
511.1	Restricted Net Assets	-	-	206,070	-	-	368,985	-	579,466	-	-	-	394,465	324,041	300,431	193,696	-	-	530,880	-	-	
512.1	Unrestricted Net Assets	1,674,597	224,928	70,118	318,377	251,830	409,327	309,616	131,542	341,148	1,236,069	170,614	80,015	101,241	98,826	101,519	370,087	291,980	96,007	439,593	265,405	
513	Total Equity/Net Assets	4,994,507	923,412	1,153,295	866,402	997,502	(540,973)	6,149,103	795,297	6,917,359	3,468,915	1,528,012	3,565,196	4,304,129	4,142,938	6,837,618	5,005,084	2,113,218	4,531,981	5,389,988	1,697,480	
600	Total Liabilities and Equity/Net assets	5,618,442	1,270,632	5,300,443	1,348,272	1,516,859	8,639,858	6,513,395	10,819,524	7,461,034	4,207,202	1,808,330	5,520,592	5,990,104	6,552,534	8,817,802	5,798,878	2,529,447	6,455,758	5,980,450	2,300,284	

2010

Public Housing Balance Sheet

Line Item No.	Description	AMP 801	AMP 802	AMP 803	AMP 804	AMP 805	AMP 806	AMP 807	AMP 808	AMP 811	AMP 812	AMP 813	AMP 814	AMP 815	TOTAL AMPs	COCC	TOTAL PUBLIC HOUSING
111	Cash - unrestricted	79,736	48,000	107,320	9,185	133,283	91,963	70,163	91,537	44,414	91,087	34,852	249,519	283,353	5,686,874	105,557	5,792,431
112	Cash - restricted-modernization and development														-	-	-
113	Cash - other restricted	42,511			114,761	679,058	278,748		268,004				124,171	176,731	4,582,018	422,335	5,004,353
114	Cash - tenant security deposits	7,014				22,483	15,488						16,737	25,437	491,683	-	491,683
115	Cash - Restricted for payment of current liability														-	-	-
100	<b>Total Cash</b>	<b>129,261</b>	<b>48,000</b>	<b>107,320</b>	<b>123,946</b>	<b>834,824</b>	<b>386,199</b>	<b>70,163</b>	<b>359,541</b>	<b>44,414</b>	<b>91,087</b>	<b>34,852</b>	<b>390,427</b>	<b>485,521</b>	<b>10,760,575</b>	<b>527,892</b>	<b>11,288,467</b>
121	Accounts receivable - PHA projects														-	-	-
122-010	Accounts receivable - HUD other projects - Operating Subsidy	4,724		3,566	11,286	41,020		26,255	24,939	4,461			2,951		276,982	-	276,982
122-020	Accounts receivable - HUD other projects - Capital fund												36,147		4,291,101	-	4,291,101
122-030	Accounts receivable - HUD other projects - Other														-	-	-
122	<b>Accounts receivable - HUD other projects</b>	<b>4,724</b>	<b>-</b>	<b>3,566</b>	<b>11,286</b>	<b>41,020</b>	<b>-</b>	<b>26,255</b>	<b>24,939</b>	<b>4,461</b>	<b>-</b>	<b>-</b>	<b>39,098</b>	<b>-</b>	<b>4,568,083</b>	<b>-</b>	<b>4,568,083</b>
124	Account receivable - other government														-	-	-
125-010	Account receivable - miscellaneous - Not For Profit														-	-	-
125-020	Account receivable - miscellaneous - Partnership														-	-	-
125-030	Account receivable - miscellaneous - Joint Venture														-	-	-
125-040	Account receivable - miscellaneous - Tax Credit														-	-	-
125-050	Account receivable - miscellaneous - Other					6,840									25,659	8,355	34,014
125	<b>Account receivable - miscellaneous</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,840</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,659</b>	<b>8,355</b>	<b>34,014</b>
126	Accounts receivable - tenants	1,035				8,351	10,105						1,726		206,519	-	206,519
126.1	Allowance for doubtful accounts - tenants					(1,967)	(1,121)								(100,327)	-	(100,327)
126.2	Allowance for doubtful accounts - other														-	-	-
127	Notes, Loans, & Mortgages Receivable - Current														-	-	-
128	Fraud recovery														-	-	-
128.1	Allowance for doubtful accounts - fraud														-	-	-
129	Accrued interest receivable														-	-	-
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>5,759</b>	<b>-</b>	<b>3,566</b>	<b>11,286</b>	<b>54,244</b>	<b>8,984</b>	<b>26,255</b>	<b>24,939</b>	<b>4,461</b>	<b>-</b>	<b>-</b>	<b>40,824</b>	<b>-</b>	<b>4,699,934</b>	<b>8,355</b>	<b>4,708,289</b>
131	Investments - unrestricted														-	322,545	322,545
132	Investments - restricted	59,177											58,198	74,498	191,873	-	191,873
135	Investments - Restricted for payment of current liability														-	-	-
142	Prepaid expenses and other assets												16,006	3,668	219,674	158,332	378,006
143	Inventories														-	-	-
143.1	Allowance for obsolete inventories														-	-	-
144	Inter program - due from														-	5,550,413	5,550,413
145	Assets held for sale														-	-	-
150	<b>Total Current Assets</b>	<b>194,197</b>	<b>48,000</b>	<b>110,886</b>	<b>135,232</b>	<b>889,068</b>	<b>395,183</b>	<b>96,418</b>	<b>384,480</b>	<b>48,875</b>	<b>91,087</b>	<b>34,852</b>	<b>505,455</b>	<b>563,687</b>	<b>15,872,056</b>	<b>6,567,537</b>	<b>22,439,593</b>
161	Land	27,801				432,756	372,401						98,382	723,961	8,084,863	1,393,245	9,478,108
162	Buildings	4,546,397				19,076,723	11,289,358						6,671,149	9,565,008	209,887,202	6,068,936	215,956,138
163	Furniture, equipment and machinery - dwellings	8,119				190,688	164,101						51,600	82,792	12,479,446		12,479,446
164	Furniture, equipment and machinery - administration					52,859							62,093	312,178		669,777	981,955
165	Leasehold improvements														-	-	-
166	Accumulated depreciation	(567,404)				(2,442,409)	(1,411,543)						(589,144)	(666,564)	(101,340,422)	(3,416,599)	(104,757,021)
167	Construction in progress														10,391,063	-	10,391,063
168	Infrastructure														-	-	-
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>4,014,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,310,617</b>	<b>10,414,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,294,082</b>	<b>9,705,197</b>	<b>139,814,330</b>	<b>4,715,359</b>	<b>144,529,689</b>
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit														-	-	-
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership														-	-	-
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture														-	-	-
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit														-	-	-
171-050	Notes, Loans, & mortgages receivable - Non-current - Other														-	71,000	71,000
171	<b>Notes, Loans, &amp; mortgages receivable - Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,000</b>	<b>71,000</b>
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - NFP														-	-	-
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership														-	-	-
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture														-	-	-
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit														-	-	-
172-050	Notes, Loans, & mortgages receivable - Non-current - Other														-	-	-
172	<b>Notes, Loans, &amp; mortgages receivable - Non-current - past due</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
173	Grants receivable - Non-current														-	-	-
174-010	Other assets - Not For Profit														-	-	-
174-020	Other assets - Partnership														-	-	-
174-030	Other assets - Joint Venture														-	-	-
174-040	Other assets - Tax Credit														-	-	-
174-050	Other assets - Other														-	-	-
174	<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
176-010	Investment in Joint venture - Not For Profit														-	-	-
176-020	Investment in Joint venture - Partnership														-	-	-
176-030	Investment in Joint venture - Joint Venture														-	-	-
176-040	Investment in Joint venture - Tax Credit														-	-	-
176-050	Investment in Joint venture - Other														-	-	-
176	<b>Investment in joint venture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
180	<b>Total Non-current Assets</b>	<b>4,014,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,310,617</b>	<b>10,414,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,294,082</b>	<b>9,705,197</b>	<b>139,814,330</b>	<b>4,786,359</b>	<b>144,600,689</b>
190	<b>Total Assets</b>	<b>4,209,110</b>	<b>48,000</b>	<b>110,886</b>	<b>135,232</b>	<b>18,199,685</b>	<b>10,809,500</b>	<b>96,418</b>	<b>384,480</b>	<b>48,875</b>	<b>91,087</b>	<b>34,852</b>	<b>6,799,537</b>	<b>10,268,884</b>	<b>155,686,386</b>	<b>11,353,896</b>	<b>167,040,282</b>

Public Housing Balance Sheet

Line Item No.	Description	AMP 801	AMP 802	AMP 803	AMP 804	AMP 805	AMP 806	AMP 807	AMP 808	AMP 811	AMP 812	AMP 813	AMP 814	AMP 815	TOTAL AMPs	COCC	TOTAL PUBLIC HOUSING
311	Bank overdraft														-		-
312	Accounts payable <= 90 days	6,182											9,057	32,486	47,725	2,714,513	2,762,238
313	Accounts payable > 90 days past due														-		-
321	Accrued wage/payroll taxes payable	1,187													67,009	142,295	209,304
322	Accrued compensated absences - current portion														46,633	87,795	134,428
324	Accrued contingency liability														-		-
325	Accrued interest payable														-		-
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy		3,587				5,728				241	2,619		14,013	100,328		100,328
331-020	Accounts payable - HUD PHA Programs - Capital fund														-		-
331-030	Accounts payable - HUD PHA Programs - Other														-		-
331	Accounts payable - HUD PHA Programs	-	3,587	-	-	-	5,728	-	-	-	241	2,619	-	14,013	100,328	-	100,328
332	Accounts payable - PHA Projects														-		-
333	Accounts payable - other government														188,393		188,393
341	Tenant security deposits	7,014				22,483	15,488						16,737	25,437	491,683	-	491,683
342	Deferred revenue														-		-
343-010	CFFP												98,896	100,000	300,000		300,000
343-020	Capital Projects/ Mortgage Revenue														880,376	8,753	889,129
343	Current portion of LTD- capital projects/mortgage revenue bonds												98,896	100,000	1,180,376	8,753	1,189,129
344	Current portion of long-term debt - operating borrowings														-		-
345	Other current liabilities	2,195				50,623	20,994						33,380		135,602	658,651	794,253
346	Accrued liabilities - other														-		-
347	Inter program - due to		37,719										55,082		1,412,651	-	1,412,651
348	Loan liability - current														-		-
310	Total Current Liabilities	16,578	41,306	-	-	73,106	42,210	-	-	-	241	2,619	213,152	171,936	3,670,400	3,612,007	7,282,407
351-010	Long-term debt - CFFP												1,483,438	1,600,000	4,500,000		4,500,000
351-020	Long-term - Capital Projects/ Mortgage Revenue	2,239,068				7,104,624	4,241,087						2,498,071	4,312,944	55,113,366	44,318	55,157,684
351	Capital Projects/ Mortgage Revenue Bonds	2,239,068				7,104,624	4,241,087						3,981,509	5,912,944	59,613,366	44,318	59,657,684
352	Long-term debt, net of current - operating borrowings														-		-
353	Non-current liabilities - other														179,018	160,000	339,018
354	Accrued compensated absences- Non-current														186,973	351,178	538,151
355	Loan liability - Non-current														-		-
356	FASB 5 Liabilities														-		-
357	Accrued Pension and OPEB Liability														-		-
350	Total Non-Current Liabilities	2,239,068	-	-	-	7,104,624	4,241,087	-	-	-	-	-	3,981,509	5,912,944	59,979,357	555,496	60,534,853
300	Total Liabilities	2,255,646	41,306	-	-	7,177,730	4,283,297	-	-	-	241	2,619	4,194,661	6,084,880	63,649,757	4,167,503	67,817,260
508.1	Invested in capital assets, net of related debt	1,775,845				10,205,993	6,173,230						2,213,677	3,692,253	79,020,588	4,662,288	83,682,876
511.1	Restricted Net Assets	101,688			114,761	679,058	278,748		268,004				182,369	251,229	4,773,891	422,335	5,196,226
512.1	Unrestricted Net Assets	75,931	6,694	110,886	20,471	136,904	74,225	96,418	116,476	48,875	90,846	32,233	208,830	240,522	8,242,150	2,101,770	10,343,920
513	Total Equity/Net Assets	1,953,464	6,694	110,886	135,232	11,021,955	6,526,203	96,418	384,480	48,875	90,846	32,233	2,604,876	4,184,004	92,036,629	7,186,393	99,223,022
600	Total Liabilities and Equity/Net assets	4,209,110	48,000	110,886	135,232	18,199,685	10,809,500	96,418	384,480	48,875	91,087	34,852	6,799,537	10,268,884	155,686,386	11,353,896	167,040,282

















2010 Line Item No.	Public Housing Income Statement Description	808		811		812		813		814		815		TOTAL AMPs	COCC Operations	COCC Capital Fund	TOTAL COCC	TOTAL PUBLIC HOUSING	
		Operating Fund Program	Capital Fund Program	Operating Fund Program	Capital Fund Program	Operating Fund Program	Capital Fund Program	Operating Fund Program	Capital Fund Program	Operating Fund Program	Capital Fund Program	Operating Fund Program	Capital Fund Program						
96110	Property Insurance	-	-	-	-	-	-	-	-	-	-	-	-	352,759			352,759	360,510	
96120	Liability Insurance	440	440	416	416	-	-	-	-	3,806	3,806	3,096	3,096	173,068	81	81	173,149	173,149	
96130	Workers' Compensation	-	-	-	-	-	-	-	-	3,916	3,916	5,884	5,884	77,480	83,403	83,403	160,883	160,883	
96140	All other insurance	-	-	-	-	-	-	-	-	150	150	224	224	69,651	54,578	54,578	124,229	124,229	
96100	Total Insurance Premiums	440	440	416	416	-	-	-	-	8,532	8,532	39,863	39,863	672,958	145,813	145,813	818,771	818,771	
96200	Other general expenses	160,007	160,007	-	-	36,744	36,744	33,000	33,000	-	-	-	-	917,640	4,349	4,349	921,989	921,989	
96210	Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	8,302	23,131	23,131	31,433	31,433	
96300	Payments in lieu of taxes	-	-	-	-	-	-	-	-	12,660	12,660	-	-	248,463	-	-	248,463	248,463	
96400	Bad debt - tenant rents	-	-	-	-	-	-	-	-	-	-	-	-	200,038	-	-	200,038	200,038	
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96900	Total Other General Expenses	160,007	160,007	-	-	36,744	36,744	33,000	33,000	12,660	12,660	-	-	1,374,443	27,480	27,480	1,401,923	1,401,923	
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	193,474	193,474	302,400	302,400	2,008,983	-	-	2,008,983	2,008,983	
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
96700	Interest expense and Amortization cost	-	-	-	-	-	-	-	-	193,474	193,474	302,400	302,400	2,008,983	-	-	2,008,983	2,008,983	
96900	Total Operating Expenses	164,490	164,490	1,256	1,256	37,824	37,824	34,200	34,200	553,827	563,508	49,259	761,125	25,972,274	6,246,377	6,246,377	32,218,651	32,218,651	
97000	Excess Revenue Over Operating Expenses	290,330	290,330	-	27,899	27,899	-	39,965	39,965	16,112	16,112	-	11,932	(197,856)	209,788	(88,578)	(369,166)	220,588	9,479
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses- Non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,644
97300	Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97500	Fraud losses	-	-	-	-	-	-	-	-	191,459	191,459	285,974	285,974	6,270,362	314,501	314,501	6,584,863	6,584,863	
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
99000	Total Expenses	164,490	164,490	1,256	1,256	37,824	37,824	34,200	34,200	744,286	695,027	49,259	1,047,099	32,255,280	6,560,878	6,560,878	38,816,158	38,816,158	
10010	Operating transfer in	-	-	-	-	-	-	-	-	209,788	209,788	220,588	220,588	4,042,833	-	-	4,042,833	4,042,833	
10020	Operating transfer out	-	-	-	-	-	-	-	-	(209,788)	(209,788)	(220,588)	(220,588)	(4,042,833)	-	-	(4,042,833)	(4,042,833)	
10030-010	Net For Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10030-020	Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10030-030	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10030-040	Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10030-050	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10020	Operating transfers from / to primary government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10091	Inter AMP Excess Cash Transfer In	-	-	-	-	-	-	-	-	219,866	219,866	71,536	71,536	4,304,512	-	-	4,304,512	4,304,512	
10092	Inter AMP Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	(4,304,512)	-	-	(4,304,512)	(4,304,512)	
10093	Transfers from Program to AMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10094	Transfers from AMP to Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-	219,866	429,654	(209,788)	71,536	292,124	(220,588)	-	6,273,527	(40,368)	
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	290,330	290,330	-	27,899	27,899	-	39,965	39,965	16,112	16,112	-	48,339	(383,016)	(383,016)	-	(6,273,527)	(40,368)	
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	209,788	209,788	220,588	220,588	635,816	-	-	635,816	635,816	
11030	Beginning equity	94,150	94,150	20,976	20,976	50,881	50,881	16,121	16,121	2,564,537	2,564,537	4,487,020	4,487,020	91,751,192	7,651,761	7,651,761	99,402,953	99,402,953	
11040-070	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	4,289,838	(425,000)	(425,000)	3,864,838	3,864,838	
11040-080	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	2,269,126	-	-	2,269,126	2,269,126	
11040-090	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11040-100	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11040-110	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11040	Prior period adj, equity transfers, and correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	6,558,964	(425,000)	(425,000)	6,133,964	6,133,964	
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11180	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11190	Unit Months Available	396	396	84	84	108	108	120	120	576	576	684	684	33,189	-	-	33,189	33,189	
11210	Unit Months Leased	375	375	81	81	108	108	120	120	574	574	673	673	32,191	-	-	32,191	32,191	
11270	Excess Cash	102,769	102,769	48,771	48,771	87,694	87,694	29,383	29,383	51,964	51,964	-	73,427	5,075,441	-	-	5,075,441	5,075,441	
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11620	Building Purchases	-	-	-	-	-	-	-	-	209,788	209,788	-	-	8,202,086	-	-	8,202,086	8,202,086	
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13510	CFPP Debt Service Payments	-	-	-	-	-	-	-	-	209,788	209,788	220,588	220,588	635,816	-	-	635,816	635,816	
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTE TO FINANCIAL DATA SCHEDULES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

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### **1. ELIMINATION ENTRIES**

The Financial Data Summary is reported on the accrual basis by individual programs. The interprogram due to/due from balances are eliminated for the statements of net assets.

# ALLEGHENY COUNTY HOUSING AUTHORITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development (HUD)</u>		
Public and Indian Housing	14.850	\$ 14,843,924
Public Housing Capital Fund Cluster:		
Public Housing Capital Fund	14.872	5,861,905
ARRA - Public Housing Capital Fund Competitive (Recovery Act Funded)	14.884	2,046,396
ARRA - Public Housing Capital Fund Stimulus (Formula)	14.885	5,223,431
Subtotal		13,131,732
Resident Opportunity and Supportive Services - Service Coordinators	14.870	327,835
Section 8 Project Based Cluster:		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	484,335
Section 8 Housing Choice Vouchers	14.871	29,721,815
Supportive Housing for Persons with Disabilities	14.181	281,710
<u>Passed through the County of Allegheny, Pennsylvania:</u>		
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	220,266
Community Development Block Grants/Entitlement Grants	14.218	200,000
Home Investment Partnerships Program	14.239	465,522
<u>U.S. Department of Homeland Security</u>		
Disaster Housing Assistance Grant	97.109	1,000
		\$ 59,678,139

See accompanying note to schedule of expenditures of federal awards.



# ALLEGHENY COUNTY HOUSING AUTHORITY

## NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

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### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards for the year ended September 30, 2010 includes the federal grant activity of Allegheny County Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Allegheny County  
Housing Authority**

Independent Auditor's Reports in  
Accordance with OMB Circular A-133

Year Ended September 30, 2010

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

Board of Directors  
Allegheny County Housing Authority

We have audited the financial statements of the business-type activities of the Allegheny County Housing Authority (Authority), as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

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

We noted certain other matters that we reported to management of the Authority in a separate letter dated June 28, 2011.

\* \* \* \* \*

This report is intended solely for the information and use of the Authority's Board of Directors, management, others within the Authority, the U.S. Department of Housing and Urban Development, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 28, 2011

Independent Auditor's Report on Compliance with Requirements that Could Have a  
Direct and Material Effect on Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133

Board of Directors  
Allegheny County Housing Authority

Compliance

We have audited the Allegheny County Housing Authority's (Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

Board of Directors  
Allegheny County Housing Authority  
Independent Auditor's Report on Compliance with  
Requirements that Could Have a Direct and  
Material Effect on Each Major Program

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

\* \* \* \* \*

This report is intended solely for the information and use of the Authority's Board of Directors, management, others within the Authority, the U.S. Department of Housing and Urban Development, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maier Duessel*

Pittsburgh, Pennsylvania  
June 28, 2011

# ALLEGHENY COUNTY HOUSING AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

### I. Summary of Audit Results

1. Type of auditor's report issued: Unqualified

2. Internal control over financial reporting:

Material weakness(es) identified?  yes  no

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

3. Noncompliance material to financial statements noted?  yes  no

4. Internal control over major programs:

Material weakness(es) identified?  yes  no

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

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

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

7. Major Programs:

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

Public Housing Capital Fund Cluster:

14.872

Public Housing Capital Fund

14.884

ARRA - Public Housing Capital Fund

Competitive (Recovery Act Funded)

14.885

ARRA - Public Housing Capital Fund Stimulus  
(Formula)

8. Dollar threshold used to distinguish between type A and type B programs: \$1,790,344

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

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

**No matters were reported.**

III. Findings and questioned costs for federal awards.

**No matters were reported.**

# **ALLEGHENY COUNTY HOUSING AUTHORITY**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**NONE**