

**FAYETTE COUNTY HOUSING AUTHORITY  
ANNUAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2024**



**McCLURE & WOLF, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**Fayette County Housing Authority  
Annual Report  
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**Fayette County Housing Authority**

**Annual Report**

**|**

**Consolidated Financial Statements**



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## INDEPENDENT AUDITORS' REPORT

Board of Housing Commissioners  
Fayette County Housing Authority  
624 Pittsburgh Road  
Uniontown, PA 15401

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Fayette County Housing Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the consolidated financial statements, which collectively comprise the Authority's consolidated financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Authority, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, and the Schedule of Changes in Total OPEB Liability on page 32 be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying schedule of expenditures of Federal Awards shown on page 38 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

*Requirements for Federal Awards*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 42 through 46 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above-described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*McClure & Wolf, LLP*

McClure & Wolf, LLP  
Uniontown, Pennsylvania  
February 26, 2025



**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

The management discussion and analysis (MD&A) will be focused on the Primary Governmental Unit referred to in this document, the financial statements as well as the notes to the financial statement as the "Authority." The MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended June 30, 2024.

Please read it in conjunction with the Authority's financial statements.

**Overview of the Financial Statements**

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Position** presents information similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity and are classified as current and non-current.

Net position is reported in three broad categories:

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

**Restricted Net Position:** This component consists of assets that are constrained by limitations placed on their use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position:** This component consists of assets that are not restricted and do not meet the definition of Net Investment in Capital Assets.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the Authority's net position changed during the year. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

The **Statement of Cash Flows** reports net cash provided by or used by operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the information included in the financial statements.

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles. Management's Discussion and Analysis is the required supplementary information.

Other supplementary information is not required by generally accepted accounting principles but is presented for additional analysis purposes or to meet other requirements. The financial data schedule is required by the U.S. Department of Housing and Urban Development (HUD). The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

#### **Program Information**

**Low Income Public Housing:** The Authority owns 1,097 units. Under the low-income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on 30% of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties.

**Section 8 Housing Choice Vouchers:** HUD has contracted with the Authority for support for 1,134 Housing Choice Vouchers. Under the housing choice voucher program, the Authority administers contracts with landlords that own rental 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 with HUD. HUD provides an annual contribution funding to enable the Authority to structure a lease that sets the participant's rent at 30% of household income.

**State Housing Program:** The State Housing Program consists of 99 units in four housing projects owned by the Authority and operated under the State Housing Program. Funding for this program is strictly rent based.



**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

**Financial Position and Analysis**

Table 1 compares the Authority's financial position for the fiscal years ended June 30, 2024, and 2023:

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 11,245,267	\$ 9,457,715	\$ 1,787,552	18.90%
Other current assets	649,481	708,954	(59,473)	-8.39%
Noncurrent assets	28,919,655	19,415,595	9,504,060	48.95%
Mortgage receivable	-	7,344,890	(7,344,890)	-100.00%
Total Assets	<u>40,814,403</u>	<u>36,927,154</u>	<u>3,887,249</u>	<u>10.53%</u>
<b>Deferred Outflow of Resources</b>				
OPEB	<u>17,000</u>	<u>40,000</u>	<u>(23,000)</u>	<u>-57.50%</u>
Total Deferred Outflow of Resources	<u>17,000</u>	<u>40,000</u>	<u>(23,000)</u>	<u>-57.50%</u>
<b>Liabilities</b>				
Current liabilities	1,044,020	896,609	147,411	16.44%
Noncurrent liabilities	<u>1,506,723</u>	<u>1,655,157</u>	<u>(148,434)</u>	<u>-8.97%</u>
Total Liabilities	<u>2,550,743</u>	<u>2,551,766</u>	<u>(1,023)</u>	<u>-0.04%</u>
<b>Deferred Inflow of Resources</b>				
Ground lease	1,107,004	1,138,042	(31,038)	-2.73%
OPEB	<u>196,000</u>	<u>151,000</u>	<u>45,000</u>	<u>29.80%</u>
Total Deferred Inflow of Resources	<u>1,303,004</u>	<u>1,289,042</u>	<u>13,962</u>	<u>1.08%</u>
<b>Net Position</b>				
Net investment in capital assets	26,206,797	17,062,578	9,144,219	53.59%
Restricted	395,909	425,841	(29,932)	-7.03%
Unrestricted	<u>10,374,950</u>	<u>15,637,927</u>	<u>(5,262,977)</u>	<u>-33.66%</u>
Total Net Position	<u>\$ 36,977,656</u>	<u>\$ 33,126,346</u>	<u>\$ 3,851,310</u>	<u>11.63%</u>

**Noncurrent assets** increased by \$9,504,060 or 48.95% primarily due to the inclusion of Laurel Estates in the building portfolio.

**Mortgage Receivable** previously accounted for the mortgage held by FCHA on Laurel Estates. This amount is eliminated from the balance sheet now due to the acquisition of Laurel Estates.

**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

Table 2 focuses on the changes in net position.

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Operating Revenue and Expense				
Operating revenue	\$ 17,506,603	\$ 16,685,101	\$ 821,502	4.92%
Operating expenses	<u>16,794,477</u>	<u>17,286,493</u>	<u>1,507,984</u>	<u>8.72%</u>
Operating Income (Loss)	(1,287,874)	(601,392)	(686,482)	114.15%
Non-operating revenues and expenses	<u>5,139,184</u>	<u>1,216,766</u>	<u>3,922,398</u>	<u>322.36%</u>
Increase (Decrease) in Net Position	3,851,310	615,394	3,235,916	525.83%
Net position, beginning of year	<u>33,126,346</u>	<u>32,510,952</u>	<u>615,394</u>	<u>1.89%</u>
Net Position, End of Year	<u>\$ 36,977,656</u>	<u>\$ 33,126,346</u>	<u>\$ 3,851,310</u>	<u>11.63%</u>

**Non-Operating revenues and expenses** increased by \$3,922,398 or 322.36% due to an increase in capital fund program expenditures.

Table 3 presents a summary of the Authority's revenue by source:

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Operating Revenue				
Tenant revenue	\$ 3,902,003	\$ 3,376,077	\$ 525,926	15.51%
HUD operating grants	13,199,620	12,685,511	514,109	4.05%
Other income	<u>404,980</u>	<u>621,513</u>	<u>(216,533)</u>	<u>-34.84%</u>
Total Operating Revenue	<u>17,506,603</u>	<u>16,685,101</u>	<u>821,502</u>	<u>4.92%</u>
Non-Operating Revenues				
Public housing capital fund	4,479,851	975,033	3,504,818	359.46%
Investment income	403,678	186,498	217,180	116.45%
Interest income/ground lease revenue	75,055	74,504	551	0.74%
Special item	<u>180,600</u>	<u>-</u>	<u>180,600</u>	<u>100.00%</u>
Total Non-Operating Revenues	<u>5,139,184</u>	<u>1,236,035</u>	<u>3,903,149</u>	<u>315.78%</u>
Total Revenues	<u>\$ 22,645,787</u>	<u>\$ 17,921,136</u>	<u>\$ 4,724,651</u>	<u>26.36%</u>

**Public housing capital fund** increased by \$3,504,818 or 359.46% due to an increase in capital fund program expenditures.

**Investment income** increased by \$217,180, or 116.45%, due to favorable interest rates across all accounts with United Bank.

**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

Table 4 presents a summary of the Authority's operating expenses:

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Administrative	\$ 3,211,485	\$ 2,904,717	\$ 306,768	10.56%
Utilities	1,828,998	1,769,617	59,381	3.36%
Maintenance	4,103,041	3,797,770	305,271	8.04%
Insurance	875,075	714,327	160,748	22.50%
General expense	1,421,116	1,193,349	227,767	19.09%
Depreciation expenses	1,627,330	1,727,687	(100,357)	-5.81%
Housing assistance payments	<u>5,727,432</u>	<u>5,179,026</u>	<u>548,406</u>	<u>10.59%</u>
Total Expenses	<u>\$ 18,794,477</u>	<u>\$ 17,286,493</u>	<u>\$ 1,507,984</u>	<u>8.72%</u>

**Insurance** costs increased by \$160,748 or 22.50% due to the increase in premiums across all policies and the inclusion of Laurel Estates.

**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

**Budgetary Analysis**

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing and Housing Choice Voucher are adopted on the basis of accounting prescribed by HUD, which differs in some respects from generally accepted accounting principles.

**Low Income Public Housing**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent Variance Favorable (Unfavorable)</u>
Operating Revenue				
Rental income	\$ 2,861,475	\$ 2,899,983	\$ 38,508	1.45%
Operating subsidy	5,152,408	5,235,274	75,686	1.47%
Interest income	88,917	90,449	1,532	1.72%
Operating transfers-in	400,000	400,000	-	-
Other income	79,678	115,583	35,885	45.04%
Total Revenue	8,392,478	8,544,269	151,791	1.81%
Expenses:				
Administrative	1,833,896	1,956,029	(122,133)	-6.66%
Utilities	1,543,526	1,551,297	(7,771)	-0.50%
Maintenance	2,897,971	2,661,177	36,794	1.38%
Insurance	520,152	646,496	(126,344)	-24.29%
General expenses	1,305,430	1,199,608	105,822	8.11%
Other expenses	460,334	399,597	60,737	16.81%
Total Expenses	8,381,309	8,414,204	(32,895)	-0.39%
Income (Over)/Under Expense	\$ 11,169	\$ 130,065	\$ 118,896	1,064.52%

**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

***Housing Choice Voucher***

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent Variance Favorable (Unfavorable)</u>
Revenue				
Operating subsidy	\$ 5,783,491	\$ 5,604,879	\$ (178,612)	-3.09%
Administrative fees	711,831	735,666	23,835	3.35%
Other income	1,613	6,033	6,420	398.02%
Total Revenue	<u>6,496,935</u>	<u>6,346,578</u>	<u>(148,357)</u>	<u>-2.28%</u>
Expenses				
Administrative	370,394	366,983	3,411	0.92%
Maintenance	118,686	115,615	3,071	2.59%
Insurance	13,861	19,112	(5,251)	-37.88%
General expense	175,483	136,720	38,773	22.54%
Other expense	2,196	1,196	1,000	45.54%
HAP expense	5,449,030	5,635,311	(186,281)	-3.42%
Total Expenses	<u>6,130,660</u>	<u>6,274,937</u>	<u>144,277</u>	<u>2.35%</u>
Income (Over)/Under Expense	<u>\$ 366,275</u>	<u>\$ 73,641</u>	<u>\$ (292,634)</u>	<u>-79.89%</u>

**Capital Assets**

Table 7 summarizes the Authority's investment in capital assets:

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Land	\$ 3,338,667	\$ 3,338,667	\$ -	-
Buildings, improvements, and equipment	116,900,984	104,946,856	11,954,108	11.39%
Construction in progress	<u>5,357,937</u>	<u>2,078,648</u>	<u>3,279,289</u>	<u>157.76%</u>
	125,597,568	110,364,171	15,233,397	13.80%
Less accumulated depreciation	<u>(98,924,909)</u>	<u>(92,825,344)</u>	<u>(6,099,565)</u>	<u>6.57%</u>
Capital assets, net	<u>\$ 26,672,659</u>	<u>\$ 17,538,827</u>	<u>\$ 9,133,832</u>	<u>52.08%</u>

**Fayette County Housing Authority  
Management's Discussion and Analysis  
June 30, 2024**

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

Capital funding available for fiscal year-end 2024 is as follows:

	<u>Grant</u>	<u>Total Budget</u>	<u>Expended Through June 30, 2024</u>	<u>Budget Remaining at June 30, 2024</u>
Capital Fund Program 2020	501-20	\$ 2,918,186	\$ 2,918,186	\$ -
Capital Fund Program 2021	501-21	\$ 3,060,059	\$ 3,060,059	-
Capital Fund Program 2022	501-22	\$ 3,709,448	\$ 3,709,448	-
Capital Fund Program 2023	501-23	\$ 3,735,832	\$ 1,190,928	2,544,904
Capital Fund Program 2024	501-24	\$ 3,677,482	\$ -	3,677,482
				<u>\$ 6,222,386</u>

**Significant economic factors affecting the Authority are as follows:**

Many of the most pressing challenges facing public housing stem from decades of federal underfunding for both Operating and Capital Funds. Nationwide shortfalls impacting the HCV program and unprecedented tenant accounts receivables have created significant financial burdens for Housing Authorities. Rising tenant accounts receivable have a systematic impact on Housing Authorities by not only increasing receivables, but also contributing to higher unit vacancies and increasing costs for unit turnover. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The post-pandemic environment has continued to alter the daily operations at FCHA from changes in face-to-face engagement to rising inflationary costs and supply-chain issues. Increasing cost of utility rates, maintenance of aging properties, supplies, and other costs will impact our budgets in future years. FCHA has been able to react flexibly with staff, rapidly adapting to new ways of working while maintaining a keen focus on the individuals and families we serve.

FCHA has seen tremendous success in utilizing private equity generated through the low-income housing tax credit program to rehabilitate and construct new housing. The emphasis to continue to develop and maintain affordable housing is crucial for Fayette County and FCHA has placed its development efforts at the forefront of its focus for the future.

**Request for Information**

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Fayette County Housing Authority  
Attn: Andre Walters, Executive Director  
624 Pittsburgh Road  
Uniontown, PA 15401



**Fayette County Housing Authority**  
**Consolidated Statement of Net Position**  
**June 30, 2024**  
**(Fiscal Year End of the Component Unit)**

	Authority	Laurel Estates Housing, L.P. (December 31, 2023)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents-unrestricted	\$ 10,468,954	\$ -
Cash and cash equivalents-restricted	776,313	-
Total Cash and Cash Equivalents	11,245,267	-
Accounts receivable:		
Tenant rentals and service charges, net of \$65,081	160,328	-
allowance for uncollectible accounts	46,261	-
Other	437,287	-
Inventory, net of allowance for obsolete inventory of \$35,642	5,605	-
Prepaid expenses	11,894,748	-
Total Current Assets	-	-
<b>NONCURRENT ASSETS</b>		
Capital assets:		
Land	3,338,667	-
Buildings	114,449,409	-
Furniture and equipment	2,451,555	-
Construction in progress	5,357,937	-
	125,597,568	-
Less accumulated depreciation	(98,924,909)	-
Total Capital Assets	26,672,659	-
Other noncurrent assets:		
Note receivable	863,435	-
Ground lease receivable	1,383,561	-
Total Noncurrent Assets	28,919,655	-
Total Assets	\$ 40,814,400	\$ -
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
OPEB	\$ 17,000	\$ -
Total Deferred Outflow of Resources	\$ 17,000	\$ -

## LIABILITIES

### CURRENT LIABILITIES

Accounts payable	\$ 268,122	\$ -
Accrued liabilities:		
Wages and related expenses	114,527	-
Compensated absences, current portion	281,475	-
Total Accrued Liabilities	<u>664,124</u>	<u>-</u>
Lease liabilities, current portion	10,746	-
Due to PHA programs	39,237	-
Due to other governments	126,266	-
Tenant security deposits	167,127	-
Prepaid rents	31,199	-
Other current liabilities	5,321	-
Total Current Liabilities	<u>1,044,020</u>	<u>-</u>

### NONCURRENT LIABILITIES

Note payable, net of current portion	439,000	-
Lease liabilities, net of current portion	16,116	-
Compensated absences, net of current portion	361,712	-
OPEB liabilities	614,000	-
Accrued interest	57,070	-
Family self-sufficiency program	16,701	-
Other noncurrent liabilities	124	-
Total Noncurrent Liabilities	<u>1,506,723</u>	<u>-</u>
Total Liabilities	<u>2,550,743</u>	<u>-</u>

## DEFERRED INFLOW OF RESOURCES

Ground lease	1,107,004	-
OPEB	196,000	-
Total Deferred Inflow of Resources	<u>1,303,004</u>	<u>-</u>

## NET POSITION

Net investment in capital assets	26,206,797	-
Restricted	395,909	-
Unrestricted	10,374,950	-
Total Net Position	<u>\$ 36,977,656</u>	<u>\$ -</u>

See accompanying auditors' report.

**Fayette County Housing Authority**  
**Consolidated Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2024**  
**(Fiscal Year End of the Component Unit)**

	<u>Authority</u>	<u>Laurel Estates Housing, L.P. (December 31, 2023)</u>
<b>OPERATING REVENUES</b>		
HUD operating grants	\$ 13,199,620	\$ 236,525
Tenant rentals and service charges	3,902,003	215,218
Other fees	84,414	-
Other contributing sources	320,568	13,303
Total Operating Revenues	<u>17,506,603</u>	<u>465,046</u>
<b>OPERATING EXPENSES</b>		
Housing assistance payments	5,727,432	-
Administrative costs:		
Administrative salaries and wages	1,586,117	130,303
Administrative employee benefits	751,274	21,942
Office expenses	484,976	68,020
Legal fees	336,970	-
Auditing fees	52,146	8,169
Total Administrative Costs	<u>3,211,485</u>	<u>228,434</u>
Amortization expense	-	5,033
Depreciation expense	1,627,330	309,363
Ordinary maintenance	3,628,231	110,276
Utilities	1,628,996	82,554
Insurance	875,075	73,255
General expense	1,421,116	-
Nonroutine maintenance	474,610	-
Total Operating Expenses	<u>18,794,477</u>	<u>808,915</u>
Net Operating Income/(Loss)	<u>(1,287,874)</u>	<u>(343,869)</u>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Capital grants	4,479,851	-
Investment income-unrestricted	403,518	13,301
Investment income-restricted	159	-
Interest income	45,295	-
Interest expense	(1,278)	(334,812)
Ground lease revenue	31,038	-
Total Nonoperating Income/(Expense)	<u>4,958,584</u>	<u>(321,511)</u>
<b>SPECIAL ITEMS</b>		
Transfer to/(from) component unit	180,600	(180,600)
Special item net gain/(loss)	-	(223,605)
Total Special Items	<u>180,600</u>	<u>(404,205)</u>
Change in Net Position	<u>3,851,310</u>	<u>(1,069,585)</u>
<b>NET POSITION-BEGINNING OF YEAR</b>	<u>33,126,348</u>	<u>1,069,585</u>
<b>NET POSITION-END OF YEAR</b>	<u>\$ 36,977,658</u>	<u>\$ -</u>

**Fayette County Housing Authority**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2024**  
**(Fiscal Year End of the Component Unit)**

	Authority	Laurel Estates Housing, L.P. (December 31, 2023)
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash received from:		
Operating grants	\$ 13,296,272	\$ 236,525
Tenant rentals and service charges	3,920,228	190,576
Other fees	84,414	-
Other contributing sources	275,271	13,303
Cash paid for:		
Housing assistance payments	(5,621,583)	-
Administrative expense-salaries, wages, and benefits	(2,422,006)	(152,245)
Auditing fees	(52,148)	(8,169)
Administrative expenses-other	(1,587,782)	(121,796)
Utilities	(1,825,998)	(82,854)
Ordinary maintenance	(3,689,596)	(110,276)
Nonroutine maintenance	(474,810)	-
General expenses	(1,735,835)	(192,462)
Net Cash Provided (Used) by Operations	<u>165,627</u>	<u>(227,098)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments		-
Earnings on investments	<u>403,676</u>	<u>13,301</u>
Net Cash Provided (Used) by Investing Activities	<u>403,676</u>	<u>13,301</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition, improvements, and construction of public housing	(3,820,001)	-
Capital grants	4,479,851	-
Ground lease	31,036	-
Principal repayment on notes payable	(10,387)	-
Interest expense	(1,278)	-
Cash transfer	<u>539,024</u>	<u>(539,024)</u>
Net Cash Provided (Used) by Financing Activities	<u>1,218,247</u>	<u>(539,024)</u>
Net Increase (Decrease) in Cash and Equivalents	1,787,552	(752,821)
Cash and Equivalents-July 1, 2023	9,457,715	752,821
Cash and Equivalents-June 30, 2024	<u>\$ 11,245,267</u>	<u>\$ -</u>
<b>RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,287,874)	\$ (343,869)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Amortization expense		5,033
Depreciation expense	1,827,330	309,363
(Increase) decrease in:		
Receivables	116,887	7,928
Inventory	(61,365)	-
Prepaid expenses	3,901	36,757
Accrued interest	45,295	-
Notes receivable	(324,903)	-
Other assets		5,478
Deferred outflows	23,000	-
Increase (decrease) in:		
Accounts payable	105,278	(23,324)
Accrued liabilities	(121,577)	-
Tenant security deposits	32,476	(25,761)
Prepaid rents and deferred	(6,813)	(6,239)
Other liabilities		
Deferred inflow	13,962	(192,462)
Net Cash Provided (Used) by Operating Activities	<u>\$ 165,627</u>	<u>\$ (227,098)</u>

See accompanying audit report

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ORGANIZATION AND PROGRAM DESCRIPTIONS**

Fayette County Housing Authority (the Authority) is a governmental entity organized and existing under the provisions of the Housing Authority Law of 1937 of the Commonwealth of Pennsylvania for the acquisition, development, modernization, operation, and administration of various public housing programs. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing to low-income and elderly families in the County of Fayette, Pennsylvania, and to operate those housing programs in accordance with federal and state legislation. The Authority's primary programs are administered through the U.S. Department of Housing and Urban Development (HUD) under the provisions of the U.S. Housing Act of 1937, as amended.

In addition to the Authority's primary programs, the Authority administers other grants and contracts funded directly and/or indirectly by the U.S. Department of Housing and Urban Development, the U.S. Department of Health and Human Services, the Commonwealth of Pennsylvania, and the County of Fayette.

The Authority's operations are segregated into several public housing and other grant programs as follows:

**1. Low-Rent Public Housing Program**

The Low-Rent Public Housing Program consists of family and elderly housing projects totaling 1,087 units. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The projects are owned, maintained, and managed by the Authority. The projects/units are acquired, developed, and modernized under HUD's Development and Capital Fund Grant Programs. Funding of these programs is principally provided by federal annual contributions, operating subsidies from HUD, and tenant rentals, which are determined as a percentage of family income, adjusted for family composition.

**2. Assisted Housing Programs**

The Assisted Housing Programs consist of the Section 8 Voucher Program, the Section 8 Moderate Rehabilitation Program, and the Section 8 Single Room Occupancy Program. The objectives of these Section 8 Programs are to assist low-income families to obtain housing through a system of rental subsidies utilizing existing housing. The associated units are maintained and managed by private landlords. Funding for these programs is principally provided by federal housing assistance contributions.

**3. State Housing Program**

The State Housing Program consists of four housing projects owned by the Authority and operated under the State Housing Program. Funding for this program is strictly rent based.

**4. Capital Fund Program**

The Capital Fund is intended to improve the physical condition and upgrade the management and operation of existing public housing projects owned by the Authority. Funding for this program is provided through grant agreements with the U.S. Department of Housing and

**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

Urban Development based upon and in accordance with the physical needs of the Authority and modernization plans approved by the regional HUD office.

**B. REPORTING ENTITY:**

The governmental reporting entity consists of the Authority and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board and (i) either the Authority's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on the Authority.

The Board of Housing Commissioners (the Board), a five member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to governmental activities within the jurisdiction of the Authority. The Board is appointed by the Fayette County Commissioners and the Board has complete authority over the operations and administration of the Authority. The Board receives funding from state and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board does not provide funding to subrecipients of these funding sources.

The Board has evaluated its relationship with the County of Fayette. The financial statements of the Authority are not included in the financial statements of the County of Fayette as a component unit.

The consolidated financial statements include blended component units. The following organizations are considered blended component units:

1. Fayette Asset & Management, Inc. (FAMI) is a 501(c)(3) corporation established by the Authority in September 2009 as an instrumentality to acquire, develop, and manage low-income housing properties in the Fayette County area by entering into mixed financing arrangements with other local organizations. The FAMI Board consists of the Authority's Executive Director and Deputy Executive Director along with three Authority Board members. Financial information for FAMI as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.
2. FAMI Property Maintenance, LLC is a limited liability corporation established by the Authority in April 2015 to foster the employment of residents to perform certain maintenance tasks to Authority properties. FAMI Property Maintenance is a single-member LLC with FAMI as its sole member. Financial information for FAMI Property Maintenance, LLC as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.
3. FAMI Development, LLC is a limited liability corporation established by the Authority in January 2016 to foster low-income housing and such other purposes as may be set forth in the company's Operating Agreement. FAMI Development is a single-member LLC with FAMI as its sole member. Financial information for FAMI Development, LLC as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.



**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

4. Uniontown Senior Housing, L.P. (USH) is a limited partnership which owns and operates Heritage Apartments, a 38-unit apartment building for the elderly in Uniontown, Pennsylvania. On May 6, 2011, FAMI acquired the general partnership interest in USH in order to operate the property with the use of public-housing funds in addition to the existing Low-Income Housing Tax Credits (LIHTC). In addition, three limited partners, National City Property Development Corporation, First Federal Savings Bank, and First National Bank assigned their limited partnership interest of 49.5%, 39.6%, and 9.9% respectively to the Authority in lieu of consent to the change in general partners. As of January 1, 2021, USH is completely operated utilizing the project-based Section 8 Vouchers Program. Financial information for USH as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.
5. White Swan GP, LLC is a limited liability corporation established by the Authority in January 2016 to foster low-income housing and such other purposes as may be set forth in the company's Operating Agreement. White Swan GP is a single-member LLC with FAMI as its sole member. Financial information for White Swan GP, as of and for the year ended December 31, 2023, the date of the entity's most recently completed fiscal year, has been reported in the Authority's financial statements.
6. Campbell Estates GP, LLC is a limited liability corporation established by the Authority in November 2022 to foster low-income housing and such other purposes as may be set forth in the company's Operating Agreement. Campbell Estates GP is a single-member LLC with FAMI as its sole member. Financial information for Campbell Estates GP as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.
7. Fayette Affordable Management Enterprises, LLC is a limited liability corporation established by the Authority in July 2023 to act as a management company to facilitate the Authority's management over mixed-finance properties. Fayette Affordable Management Enterprises is a single-member LLC with FAMI as its sole member. Financial information for Fayette Affordable Management Enterprises as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.
8. Laurel Estates GP, LLC is a limited liability corporation established by the Authority in June 2023 to act as the sole member of Laurel Estates Housing, LP following its purchase on January 1, 2024. Laurel Estates GP is a single-member LLC with FAMI as its sole member. Financial information for Laurel Estates GP as of and for the year ended June 30, 2024, has been reported in the Authority's financial statements.

The consolidated statements include one discretely presented unit. The following organization is considered a discretely presented component unit due to the nature and significance of its relationship with the Authority.

1. Laurel Estates Housing, LP (Laurel Estates) is a Pennsylvania limited partnership established in January 2006. The purpose of Laurel Estates is to develop, construct, and operate an affordable housing project consisting of 56 rental units for families. The property is located in the Township of North Union, Pennsylvania. Operations began on November 26, 2006, with no significant activity prior to commencement of operations. Financial information for Laurel Estates as of and for the year ended December 31, 2023, the date of the entity's most recently completed fiscal year, has been reported in the Authority's financial statements. On

**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

January 1, 2024, Laurel Estates Housing LP ceased operations with its sale to Laurel Estates GP.

The following organization is not considered a blended or discretely presented component unit due to lack of controlling interest or financial benefit or burden relationship:

1. White Swan Apartments, LP is a Pennsylvania limited partnership established by the Authority in January 2016, as the owner entity of the White Swan Apartments. White Swan GP, LLC is the sole general partner holding a .01% interest in the partnership.
2. Campbell Estates, LP is a Pennsylvania limited partnership established by the Authority in August 2021, as the owner entity of the Campbell Estates. Campbell Estates GP, LLC is the sole general partner holding a .01% interest in the partnership.

**C. BASIS OF PRESENTATION:**

The Authority's financial statements are presented on the full accrual basis in accordance with U.S. generally accepted accounting principles. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, unless those pronouncements conflict with or contradict GASB pronouncements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (1) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for based upon a flow of economic resources measurement focus. Accordingly, all assets and all liabilities associated with operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted elements.

Beginning with years ended September 30, 1999, HUD has mandated under their Uniform Financial Reporting Standards for HUD Housing Programs that all financial information will be prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a result of this mandate, the Authority has converted all applicable funds to the Enterprise Model as prescribed by HUD and has converted all funds to comply with GAAP. As a result of the GAAP conversion under the Enterprise Model, the entity, as a whole, is now comprised of a single enterprise fund.

**D. BASIS OF ACCOUNTING:**

Generally, the accrual basis of accounting was used to prepare the accompanying financial statements. Under this method, revenues are recognized in the period in which they are earned.

**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

Liabilities are recorded when incurred. The accrual basis of accounting requires, among other things, the recognition of depreciation and interest expense.

**E. REVENUES**

1. Federal and state aids and grants (intergovernmental revenues, annual contributions, and subsidies) are recognized as revenues in the period the related expenditures are incurred or, if applicable, when the Authority is entitled to the aids and grants. However, intergovernmental grants are subject to audit and adjustment by grantor agencies. Grant revenues received for expenses which are disallowed are repayable to the grantor.
2. Investment income is recognized as revenue when earned.
3. Tenant rental income is recognized when earned, based on monthly billings to residents. The Authority uses the allowance method for uncollectible tenant accounts. For the year ended June 30, 2024, the allowance for uncollectible accounts was \$85,061.
4. Service revenues are recognized as earned.
5. The receivable balances presented in the accompanying financial statements are recorded at net realizable value.

**F. EXPENDITURES**

1. Expenditures are recognized under the accrual method.
2. Prepaid expenditures included prepaid expense such as insurance.
3. Inventories are accounted for at the lower of cost or market utilizing the first-in, first-out (FIFO) method. The Authority provides for an allowance for obsolete inventories equal to ten percent of the value of consumable supplies inventory. For the year ended June 30, 2024, the allowance for obsolete inventory was \$35,642.

**G. INVESTMENTS**

1. Investments consist of an interest in joint ventures and limited partnerships. The joint venture and limited partnership investments are valued based upon the Authority's capital account in the related entity and is considered to equate fair value. The annual net change in fair value is recognized in the statement of revenues, expenses, and changes in net position.
2. Realized gains or losses are recognized as incurred in the statement of revenues, expenses, and changes in net position. The calculation of realized gains and losses is independent of the net change in the fair value of investments.

**H. TRANSFERS**

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases, when repayment is expected, the advances are accounted for through the various due from and due to accounts.

**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

**LEASE RECEIVABLES**

The Authority is a lessor for a noncancellable ground lease with White Swan Apartments, LP. The Authority recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Authority uses its estimated incremental borrowing rate as the discount rate for leases, which is currently estimated at 5.17%. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Tenant leases do not meet the definition of GASB 87 to be included as lease receivables due to the annual recertification process required for renewal.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**LEASE LIABILITY**

The Authority is a lessee for noncancellable copier and mail machine leases. The Authority recognizes a lease liability and an intangible right to use lease asset.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The Authority has currently estimated its incremental borrowing rate at 5.17%. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly

**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

affect the amount of the lease liability. Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the consolidated statement of net position.

**K. EQUITY CLASSIFICATIONS:**

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

**1. Net Investment in Capital Assets:**

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

**2. Restricted Net Position:**

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

**3. Unrestricted Net Position:**

All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**L. BUDGETS:**

The Authority is required by the federal government, its fiscal agents, and grantors to adopt annual operating budgets for its various funds. Capital Fund Program budgets are adopted to accomplish planned improvements and may extend over multiple years.

Fund equities in budgetary funds may be appropriated based on resolutions passed by the Board, which authorizes the Authority to make expenditures. Operating appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract, or other form of commitment, an encumbrance is recorded. Ninety percent of Capital fund appropriations must be obligated within two years of becoming available and 100% expended within four years of becoming available.

**M. ENCUMBRANCES:**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances at year end are reported as reservation of fund equity because they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. As of June 30, 2024, the Authority had no encumbrances.



**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

**N ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

**O GASB 72-FAIR VALUE MEASUREMENT AND APPLICATION**

GASB Statement No. 72 (GASB 72), Fair Value Measurement and Application. GASB 72 enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value and enhances disclosures to provide information about the impact of fair value measurements. See additional information in Note 3.

**NOTE 2: CASH AND EQUIVALENTS:**

The Authority is authorized to invest in U.S. Treasury Bills, direct obligations of the U.S. Government or Government Agencies, and time deposits with insured institutions. The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted cash and equivalents represent monies held by the Authority for the Capital Fund Program, tenant security deposits, and monies held for tenants in the Family Self Sufficiency Program.

State law requires that all deposits in financial institutions in excess of federal insurance limits be fully collateralized by obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Pennsylvania Act 72 of 1971, as amended, permits banking institutions to satisfy this collateralization requirement by pooling securities pledged as collateral for public funds on deposit.

Deposits with United Bank and KeyBank at June 30, 2024, were insured by the Federal Depositary Insurance Corporation (the FDIC) for the first \$250,000 of deposits. Deposits in excess of \$250,000 were collateralized in accordance with Act 72. The Authority had depository agreements with each financial institution that guaranteed any portion of Public Housing Authority funds not insured by a federal insurance organization would be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD. Such securities would be pledged and set aside in accordance with applicable federal regulations.

*Custodial Credit Risk*—Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority's policy for custodial credit risk is to obtain depository agreements with the depository banks guaranteeing any portion of Public Housing Authority funds not covered by FDIC insurance shall be fully and continuously collateralized with specific and identifiable securities prescribed by HUD. This policy is in accordance with Act 72.



**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

As of June 30, 2024 the Authority's bank balance was exposed to custodial credit risk as follows:

	Fayette County Housing Authority	Fayette County Housing Authority, Inc.	FAYAT Housing Authority MHC	FAYAT Development MHC	Unknown Owner Dividend	Fayette Housing Authority Management Services, Inc.	Central Housing, LLC	FAYAT Housing Authority	Liabilities
Assets:	\$ 280,000	\$ 1,672	\$ 250,000	\$ 250,000	\$ 119,347	\$ 4,277	\$ 250,000	\$ 250,000	\$ 1,000,000
Liabilities are categorized by related amounts	\$ 8,889,070		\$ 261,096	\$ 312,210			\$ 91,728	\$ 210,472	\$ 1,100,000
Total Bank Balance	\$ 8,729,070	\$ 1,672	\$ 454,096	\$ 762,210	\$ 119,347	\$ 4,277	\$ 91,728	\$ 210,472	\$ 1,100,000
Contingent Liabilities	\$ 241,000								\$ 241,000
Payable	\$ 400								\$ 400
Total Fair Value Statement	\$ 8,970,470	\$ 1,672	\$ 454,096	\$ 762,210	\$ 119,347	\$ 4,277	\$ 91,728	\$ 210,472	\$ 1,341,400

**NOTE 3: FAIR VALUE ON FINANCIAL INSTRUMENTS**

In accordance with GASB 72, *Fair Value Measurement and Application*, the Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Authority's assets and related liabilities at fair value:

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

	Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
White Swan GP	\$ -	\$ (124)	\$ -	\$ (124)

**NOTE 4: INVESTMENTS IN JOINT VENTURE**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

White Swan GP, LLC—is a limited liability corporation to foster low-income housing and such other purposes as may be set forth in the Company's Operating Agreement. White Swan GP's net investment in White Swan Apartments is (\$124).

**NOTE 5: CAPITAL ASSETS**

Capital assets acquired in enterprise funds are recorded at cost and include betterments that extend the physical or economic life of the asset. Hard modernization costs, for the purchase of capital assets and the major construction or improvement to public housing property, are recorded as construction in progress and are capitalized and depreciated when the project is complete. Soft modernization costs, which do not extend the useful life of an asset, along with routine repair and maintenance costs, are charged to operations as incurred. Assets are depreciated on the straight-line basis over their estimated useful life, with the exception for intangible right-to-use leased assets. These assets are amortized using the straight-line method with a useful life of the shorter of the lease term or the useful life of the underlying asset. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10-27.5 years
Leasehold improvements	15 years
Furniture and equipment	3-7 years

The following schedule summarizes the changes to the Authority's capital assets during the year ended June 30, 2024, by program:

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

	Balance <u>July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2024</u>
Low-rent public housing	\$103,326,228	\$ 281,407	\$ (60,023)	\$ 103,547,612
Section 8 voucher	40,689	3,484	-	44,173
State/local programs	1,979,963	-	-	1,979,963
Uniontown senior housing	2,951,143	-	-	2,951,143
Laurel Estates	-	11,716,740	-	11,716,740
Subtotal	<u>108,298,023</u>	<u>12,001,631</u>	<u>(60,023)</u>	<u>120,239,631</u>
Construction in progress:				
Capital fund program	<u>2,078,648</u>	<u>3,279,289</u>	<u>-</u>	<u>5,357,937</u>
Subtotal	<u>2,078,648</u>	<u>3,279,289</u>	<u>-</u>	<u>5,357,937</u>
Total Fixed Assets	110,376,671	15,280,920	(60,023)	125,597,568
Less accumulated depreciation	<u>(92,825,344)</u>	<u>(6,159,585)</u>	<u>60,023</u>	<u>(98,924,909)</u>
Net Fixed Assets	<u>\$ 17,551,327</u>	<u>\$ 9,121,332</u>	<u>\$ -</u>	<u>\$ 26,672,659</u>

**NOTE 6: NOTE RECEIVABLES:**

White Swan Apartments, LP entered into an agreement with FAMI Development, LLC for the development of an affordable housing rental facility consisting of 47 units (the Project). In addition to predevelopment loan of \$227,832, the developer is to be paid a fee of \$1,323,912 for services set forth in the agreement. The fee was fully accrued as of the date of substantial completion of the Project. Any unpaid balance of the development fee after payment of the Final Capital installment shall bear interest at 8% per annum and shall be paid no later than the 13<sup>th</sup> anniversary of final construction completion. As of June 30, 2024, the outstanding balance on the developer fee was \$310,670.

Campbell Estates, LP entered into an agreement with FAMI for the development of 32 rental dwelling units consisting of 18 public housing units and 14 units assisted with Section 8 project-based vouchers. FAMI determined to loan Campbell Estate LP a permanent financial loan in the principal amount of \$2,046,405. As of June 30, 2024, the amount of the loan draws was \$324,933.

As of June 30, 2024, the outstanding balances of principal and interest receivable were as follows:

Predevelopment loan-White Swan Apartments LP	\$ 227,832
Note receivable-White Swan Apartments LP	310,670
Note receivable-Campbell Estates LP	<u>324,933</u>
Total	<u>\$ 863,435</u>

**NOTE 7: MORTGAGE RECEIVABLE:**

On December 20, 2007, the Authority entered an agreement to loan \$3,743,525 to Laurel Estates Housing, LP through the Capital Fund Financing Program. The term of the note commenced on that

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

date and matures on May 20, 2049. These funds were advanced to the partnership as work on the Laurel Estates property progressed. Each advance accrued interest at the applicable federal rate in effect on the day of the advance. Upon completion of construction, all advances accrued interest at a blended rate based upon the weighted average of the advances in relation to the principal advances and the associated interest rates. The resulting blended rate for the calculation of interest was 4.66%. No payments of principal or interest are required until the maturity date, at which time the outstanding principal balance and accrued interest is due and payable.

Construction of the property was completed, and the final advance was processed on April 30, 2009. As of June 30, 2024, the outstanding balances of principal and interest receivable were as follows:

Mortgage receivable	\$ 3,743,525
Accrued interest	3,918,153
Retainage	<u>25,306</u>
Total	<u>\$ 7,686,984</u>

The amount has been eliminated on the financial statements as this receivable is now associated with a blended component unit, Laurel Estates GP, LLC, resulting from its purchase of Laurel Estates Housing, LP January 1, 2024.

**NOTE 5: GROUND LEASE RECEIVABLE**

On August 15, 2017, the Authority entered an agreement to loan \$1,250,000 to White Swan Apartments, LP. The loan funds may be used for the revitalization of the residential development known as White Swan Apartments located in the City of Uniontown, Fayette County, Pennsylvania (the Site). The term of the note is 30 years. Interest rate is 0% during construction of the Site and 3.5% thereafter. No payments of principal or interest are required until the maturity date, at which time the outstanding principal balance and accrued interest is due and payable. As of June 30, 2024, the outstanding balances of principal and interest receivable were as follows:

Ground lease receivable	\$ 1,250,000
Accrued interest	<u>133,561</u>
Total	<u>\$ 1,383,561</u>

Deferred inflows related to this ground lease were \$1,107,004 at June 30, 2024.

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 3 LONG-TERM DEBT AND OTHER LIABILITIES:**

Following is a summary of long-term debt and other liabilities activity for the year ended June 30, 2024:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Direct Borrowings Long-Term Debt:					
USH Mortgage #2	\$ 439,000	\$ -	\$ -	\$ 439,000	\$ -
Total Long-Term Debt	439,000	-	-	439,000	-
Leased liabilities	37,249	-	(10,387)	26,862	10,745
Compensated absences	631,332	380,087	(348,232)	643,187	281,475
OPEB liabilities	758,000	-	(144,000)	614,000	-
Accrued interest-USH	52,680	4,390	-	57,070	-
Family self-sufficiency program	1,474	23,669	(6,462)	18,701	-
Total Long-Term Liabilities	\$ 1,919,735	\$ 388,166	\$ (509,081)	\$ 1,798,820	\$ 292,221

A summary of direct borrowings interest and principal maturities are as follows:

	Interest	Principal	Total
2025	\$ 4,390	\$ -	\$ 4,390
2026	4,390	439,000	443,390
Total	\$ 8,780	\$ 439,000	\$ 447,780

**A. USH MORTGAGE NOTE PAYABLE #2:**

On July 26, 1994, USH executed a nonrecourse mortgage note payable to PHFA in the amount of \$459,000, payable in annual installments of 50% of "excess revenue" (as defined in the regulatory agreement) after review and approval of annual financial statements by PHFA. Commencing on January 1, 2011, interest of 1% *per annum* shall accrue on the total principal amount then outstanding. As of June 30, 2024, accrued interest was \$57,070. The outstanding balance was \$439,000 as of June 30, 2024.

**B. LEASE LIABILITIES:**

The Authority leases copier equipment from Canon Financial Services, Inc. The lease includes a 60-month term commencing on January 27, 2021, with annual payments of \$6,123 each year. During the lease term, the total payments will amount to \$30,615.

Additionally, the Authority leases a mail machine from Quadient Leasing USA Inc. The lease includes a 60-month term commencing on November 9, 2022, with annual payments of \$5,543 each year. During the lease term, total payments will amount to \$27,715.

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

Future minimum payments are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 920	\$ 10,748	\$ 11,668
2026	556	8,559	9,115
2027	267	5,278	5,543
2028	30	2,281	2,311
Total	<u>\$ 1,773</u>	<u>\$ 26,862</u>	<u>\$ 28,635</u>

**C. COMPENSATED ABSENCES**

Effective October 1, 2018, the Authority began offering two types of compensated absence plans. Under the PTO compensated absence plan, employees may accumulate up to a maximum of 35 unused PTO days. Under the vacation/sick compensated absence plan, administrative employees may accumulate up to a maximum of 35 unused vacation days, whereas, maintenance employee do not accumulate unused vacation days. Sick days have an unlimited accumulation for both administrative and maintenance employees under this plan. The Authority records an accrual for unused PTO, vacation, and sick time related to both policies.

Beginning in the fiscal year ended June 30, 2003, the Authority adopted a policy permitting employees to be reimbursed for a percentage of unused sick pay upon retirement, based upon years of service. The Authority provides for an accrual for unused sick time based on percentages.

The Authority records accrued compensated absences as a current expenditure of salaries and wages. As of June 30, 2024, accrued compensated absences totaled \$643,187, an increase of \$11,855 from the prior year.

**D. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" requires plan sponsors to perform periodic actuarial valuations to determine annual accounting costs for OPEB plans. GASB Statement No. 75 applies to just about any benefit that is provided after retirement except for pension benefits: medical insurance, pharmacy, dental, vision, and hearing benefits plus life insurance and long-term care insurance, when provided separately from a pension plan. The philosophy driving the accounting standard is that the postemployment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those services, rather than after they have retired.

Plan description:

The Authority provides fully paid comprehensive health insurance coverage for eligible employees who retire from employment with the Fayette County Housing Authority. Employees become eligible for these benefits upon completion of five years of service and attainment of age 62. The Authority also offers group term life insurance to eligible retirees, however, the cost of this benefit is paid entirely by the retiree.



**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

Census Data

Summary of census data as of July 1, 2023, is as follows:

Number of Members	
Active	49
Retires members	1
Spouses of retirees	—
Total	50
Average Age	
Active	54.2
Retired	63.7

Changes in the Total OPEB Liability:

Net OPEB Obligation Balance-July 1, 2023	\$ 758,000
Changes for the Year	
Service cost	40,000
Interest	27,000
Effect of liability (gains) or losses	(65,000)
Effect of assumption changes or inputs	(88,000)
Benefit payment	(58,000)
Net Changes	(144,000)
Net OPEB Obligation Balance-June 30, 2024	<u>\$ 614,000</u>

Sensitivity Analysis:

The following presents the net OPEB liability, calculated using the valuation discount rate of as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease <u>2.93%</u>	Current Discount Rate <u>3.93%</u>	1% Increase <u>4.93%</u>
Net OPEB Liability	\$ 644,000	\$ 614,000	\$ 584,000

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate of as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower each year or 1% higher each year than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 671,000	\$ 614,000	\$ 662,000

**Fayette County Housing Authority**  
**Notes to the Financial Statements**  
**June 30, 2024**

Deferred Outflows of Resources and Deferred Inflows of Resources:

As of June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (91,000)	\$ -
Changes of assumptions	(105,000)	17,000
Total	<u>\$ (186,000)</u>	<u>\$ 17,000</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year End June 30:

2025	\$ (88,000)
2026	\$ (31,000)
2027	\$ (31,000)
2028	\$ (29,000)
2029	\$ -
Thereafter	\$ -

Actuarial Methods and Assumptions:

Discount Rate—3.65% as of June 30, 2024, (Bond Buyer 20 Year Bond GO Index) Health Cost Trend—Healthcare costs and premium rates are assumed to increase as shown in the following table (selected years shown):

<u>Fiscal Year Ending June 30,</u>	<u>Increase in Health Cost over Prior Period</u>
2025	6.70%
2026	6.50%
2027	5.70%
2028	5.30%
2029	5.10%
2034	4.10%
2039	4.00%
2044	4.00%
2054	4.10%
2074 and later	3.70%

Mortality: PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2019 from 2010 base year and projected forward on a generational basis with Scale MP-2021.

**Fayette County Housing Authority  
Notes to the Financial Statements  
June 30, 2024**

Salary increases—For purposes of cost method allocation, salary increases are assumed to occur at a rate of 3.5% per year.

**NOTE 10: PENSION PLAN**

On January 1, 1981, the Authority established a defined contribution retirement plan (the Plan) covering all eligible full-time employees. Full-time is defined by the Plan as any employee who works at least 6 months in each calendar year and 20 hours per week. The Plan is funded with contributions at the rate of 13% of basic compensation for all employees. Participant contributions are currently not required. Normal retirement is considered to be age 65, or 10 years from the participant's entry date, whichever is later. Eligible participants have the option for early retirement provided they are within 10 years of the normal retirement date. Participants with five or more years of service under the Plan are 100% vested. Effective for any eligible full-time employees hired after October 1, 2016, the Plan is funded with contributions at the rate of 6% of base compensation. During the year ended June 30, 2024, the Authority contributed \$312,413 to the Plan.

**NOTE 11: ECONOMIC DEPENDENCY**

The Authority is economically dependent on receiving operating subsidies and grant funding from HUD. The Authority's ability to maintain or improve operations would be severely impacted by a material reduction in HUD funds. Reductions in operating subsidies are anticipated in future years but such reductions are not currently expected to have a material adverse impact to the Authority.

**NOTE 12: CONTINGENCIES**

The Authority is party to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the Authority for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws.

The Authority receives significant financial assistance from the federal government in the form of grants, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the Authority. As of June 30, 2024, the Authority is unable to estimate what liabilities may result from such audits.

**NOTE 13: SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 26, 2025, which is the date the financial statements were available to be issued. Based upon this evaluation, no events subsequent to June 30, 2024, were required to be recorded or disclosed in the financial statements.

**Fayette County Housing Authority**

**Annual Report**

**II**

**Required Supplementary Information**

**Fayette County Housing Authority**  
**Schedule of Changes in Total OPEB Liability**  
**June 30, 2024**

Last 10 Fiscal Years\*

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:							
Service cost	\$ 40,000	\$ 38,000	\$ 60,000	\$ 58,000	\$ 60,000	\$ 48,000	\$ 36,000
Interest	27,000	35,000	21,000	22,000	35,000	38,000	20,000
Effect of liability (gains) or losses	(65,000)	-	(151,000)	-	(12,000)	-	-
Effect of assumption changes or inputs	(88,000)	(2,000)	(143,000)	5,000	81,000	32,000	474,000
Benefit payments	(58,000)	(30,000)	(95,000)	(117,000)	(144,000)	(30,000)	(114,000)
Net Change in total OPEB Liability	\$ (144,000)	\$ 32,000	\$ (308,000)	\$ (32,000)	\$ 20,000	\$ 25,000	\$ 416,000
Total OPEB Liability—Beginning	\$ 758,000	\$ 726,000	\$ 1,034,000	\$ 1,066,000	\$ 1,046,000	\$ 1,021,000	\$ 605,000
Total OPEB Liability—Ending	\$ 614,000	\$ 758,000	\$ 726,000	\$ 1,034,000	\$ 1,066,000	\$ 1,046,000	\$ 1,021,000

**NOTES TO SCHEDULE:**

**Changes of Benefit Terms:**

None

**Changes of Assumptions:**

Discount rate based on Bond Buyer 20 Year Bond Go Index 3.87% (2018) decreased to 3.50% (2019)  
Discount rate based on Bond Buyer 20 Year Bond Go Index 3.50% (2019) decreased to 2.21% (2020)  
Discount rate based on Bond Buyer 20 Year Bond Go Index 2.21% (2020) decreased to 2.16% (2021)  
Discount rate based on Bond Buyer 20 Year Bond Go Index 2.16% (2021) increased to 3.54% (2022)  
Discount rate based on Bond Buyer 20 Year Bond Go Index 3.54% (2022) increased to 3.85% (2023)  
Discount rate based on Bond Buyer 20 Year Bond Go Index 3.85% (2023) increased to 3.93% (2024)

\*This schedule is to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

See accompanying auditor's report

Fayette County Housing Authority

Annual Report

III

Report in Accordance with *Government Auditing Standards*



# McCLURE & WOLF, LLP

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**INDEPENDENT AUDITORS' REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING AND ON COMPLIANCE AND OTHER**  
**MATTERS BASED ON AN AUDIT OF FINANCIAL**  
**STATEMENTS PERFORMED IN ACCORDANCE WITH**  
**GOVERNMENT AUDITING STANDARDS**

Board of Housing Commissioners  
Fayette County Housing Authority  
524 Pittsburgh Road  
Uniontown, PA 15401

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Fayette County Housing Authority (the Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's consolidated financial statements, and have issued our report thereon dated February 26, 2025.

***Internal Control Over Financial Reporting***

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

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

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



### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*McClure & Wolf, LLP*

McClure & Wolf, LLP  
Uniontown, Pennsylvania  
February 26, 2025

Fayette County Housing Authority

Annual Report

IV

Report in Accordance with The *Uniform Guidance*



**McCLURE & WOLF, LLP**  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Housing Commissioners  
Fayette County Housing Authority  
624 Pittsburgh Road  
Uniontown, PA 15401

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Fayette County Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

***Purpose of this Report***

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

*McClure & Wolf, LLP*

McClure & Wolf, LLP  
Uniontown, Pennsylvania  
February 26, 2025

**Fayette County Housing Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Funding Source</u>	<u>Assistance Listing</u>	<u>Contract Number</u>	<u>Federal Expenditure</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>CFP Cluster</b>				
Public Housing Capital Fund 2020	Direct	14.672	PA28P015501-20	\$ 9,493
Public Housing Capital Fund 2021	Direct	14,672	PA28P015501-21	1,616,032
Public Housing Capital Fund 2022	Direct	14,672	PA28P015501-22	2,777,716
Public Housing Capital Fund 2023	Direct	14,672	PA28P015501-23	1,190,928
Total CFP Cluster				<u>5,794,169</u>
<b>Housing Choice Voucher Cluster</b>				
Section 8 Housing Choice Vouchers	Direct	14,671	PA28VO/P-1544	6,340,545
Total Housing Choice Voucher Cluster				<u>6,340,545</u>
<b>Section 8 Project-Based Cluster</b>				
Section 8 Moderate Rehabilitation	Direct	14,656	PA015MR/P-1544	18,159
Section 8 Single Room Occupancy	Direct	14,182	PA015SR/P-1544	74,038
Total Section 8 Project-Based Cluster				<u>92,197</u>
<b>Other programs</b>				
Public and Indian Housing	Direct	14,850	PA015-00000-123/240	846,199
Public and Indian Housing	Direct	14,850	PA015-00000-223/240	1,737,485
Public and Indian Housing	Direct	14,850	PA015-00000-323/240	284,009
Public and Indian Housing	Direct	14,850	PA015-00000-423/240	1,382,348
Public and Indian Housing	Direct	14,850	PA015-00000-523/240	1,008,233
Public and Indian Housing	Direct	14,850	PA015-00000-623/240	121,201
Public and Indian Housing	Direct	14,850	PA015-00000-723/240	26,083
Public and Indian Housing	Direct	14,850	PA015-00000-923/240	67,002
Total Public and Indian Housing				<u>5,452,560</u>
Total Federal Expenditures				<u>\$ 17,679,471</u>

**Fayette County Housing Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

**NOTE 1: BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Fayette 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 *Uniform Guidance, Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: PASS-THROUGH FUNDING:**

No funds were passed through to subrecipients for the year ended June 30, 2024.

**NOTE 4: DE MINIMIS RATE FOR INDIRECT COSTS:**

The Authority did not elect to use the De Minimis rate for indirect costs.



**Fayette County Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

**SECTION I-SUMMARY OF AUDITORS' RESULTS:**

**A. FINANCIAL STATEMENTS:**

- |   |                                |
|---|--------------------------------|
| 1. Type of auditors' report issued  | Unqualified                    |
| 2. Internal control over financial reporting:   |                                |
| a. Material weakness(es) identified?  | Yes____ No <u>X</u>            |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?                  | Yes____ None Reported <u>X</u> |
| 3. Instances of noncompliance required to be reported in accordance with <i>Government Auditing Standards</i> ? | Yes____ No <u>X</u>            |

**B. FEDERAL AWARDS:**

- |   |   |
|---|---|
| 1. Internal control over major programs:  |   |
| a. Material weakness(es) identified?  | Yes____ No <u>X</u>                       |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?        | Yes____ None Reported <u>X</u>            |
| 2. Type of auditors' report issued on compliance for major programs:                                  | Unqualified                               |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes____ None Reported <u>X</u>            |
| 4. Identification of major programs:  |   |
| <u>Assistance Listing Number(s)</u>   | <u>Name of Federal Program or Cluster</u> |
| 14.871  | Section 8 Housing Choice Vouchers         |
| 14.872  | Public Housing Capital Fund               |
| 5. Dollar threshold used to distinguish between Type A and Type B programs:                           | \$750,000                                 |
| 6. Auditee qualified as low-risk auditee?   | Yes____ No <u>X</u>                       |

**Fayette County Housing Authority  
Schedule of Findings and Questioned Costs  
June 30, 2024**

**SECTION II—FINANCIAL STATEMENT FINDINGS:**

**A. MATERIAL WEAKNESS(ES):**

None identified

**B. SIGNIFICANT DEFICIENCY(IES):**

None identified

**C. NONCOMPLIANCE:**

None identified

**SECTION III—FEDERAL AWARD FINDINGS:**

**A. MATERIAL WEAKNESS(ES):**

None identified

**B. SIGNIFICANT DEFICIENCY(IES):**

None identified

**C. NONCOMPLIANCE:**

None identified

**SECTION IV—QUESTIONED COSTS:**

None identified

**Fayette County Housing Authority**

**Annual Report**

**V**

**Supplemental Information**

FAYETTE COUNTY HOUSING AUTHORITY (FH218)  
Lafayette, PA  
Lafayette State College Steel Building

Journal Type: Accounting, Audit

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2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	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