

**Housing Authority of the  
City of Pittsburgh**

Single Audit

December 31, 2010

**MaherDuessel**  
Certified Public Accountants

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## SINGLE AUDIT

DECEMBER 31, 2010

### DIRECTORY

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**Housing Authority of the  
City of Pittsburgh**

Financial Statements and  
Required Supplementary and  
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For the Years Ended  
December 31, 2010 and 2009

# **HOUSING AUTHORITY OF THE CITY OF PITTSBURGH**

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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Independent Auditor's Report

Board of Commissioners  
Housing Authority of the City of Pittsburgh

We have audited the accompanying financial statements of the business-type activity of the Housing Authority of the City of Pittsburgh (Authority) as of and for the years ended December 31, 2010 and 2009, which comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity of the Authority as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2011 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The financial data schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
September 14, 2011

# ***Housing Authority of the City of Pittsburgh, Pennsylvania Management's Discussion and Analysis Fiscal Year Ended December 31, 2010***

## ***Management's Discussion and Analysis***

The management of the Housing Authority of the City of Pittsburgh (HACP or the Authority), Pennsylvania offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the year ended December 31, 2010.

We have designed this Management's Discussion and Analysis to:

- ◆ Assist the reader in concentrating on particular or significant financial issues.
- ◆ Provide an overview of the Authority's financial activity.
- ◆ Highlight changes in the Authority's financial position and its ability to address the next and subsequent year challenges.
- ◆ Identify particular issues or concerns.

Readers should consider the information presented here in conjunction with the Authority's Financial Data Schedule (FDS), the accompanying Audited Financial Statements, and related footnotes to obtain a complete understanding of the Authority's financial position.

The Management's Discussion and Analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB Statement No. 34).

Any questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Chief Financial Officer.

## ***Overview of the Financial Reports***

This annual report consists of three parts – Management's Discussion and Analysis (this section), the Basic Financial Statements, and Supplementary Information that further explains and supports the information in the financial statements.

The financial statements in this report are those of a special purpose governmental entity engaged in a business-type activity and include the following:

- ◆ ***Statements of Net Assets (Balance Sheet)*** - includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net assets will serve as a useful indicator of whether its financial health is improving or deteriorating.
- ◆ ***Statements of Revenues, Expenses, and Changes in Net Assets*** - reports the Authority's revenues by source and its expenses by category to substantiate the

change in net assets for the year. These statements measure the success of the Authority's operations over the past year.

- ♦ ***Statements of Cash Flows*** - reports the Authority's cash receipts and cash payments during the year and provides information about the Authority's operating, investing, and financing activities.
- ♦ ***Notes to Financial Statements*** - explain some of the information in the Authority's financial statements and provide more detailed data.

### ***HACP Program Overview***

***Conventional Low-Income Public Housing*** - Under the Conventional Low-Income Public Housing Program, the Authority rents apartments that it owns to low-income households. The Conventional Low-Income Public Housing Program is operated under an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), and HUD provides Operating Subsidy funding to enable the Authority to provide this housing at a rent that is based upon 30.00% of household income.

***Housing Choice Voucher Program*** - Under the Housing Choice Voucher Program, the Authority administers contracts with independent 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 (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participating residents' rent at 30.00% of household income.

***DHAP*** - Represents the Disaster Housing Assistance Program, which uses HUD funds to provide temporary rental assistance to families displaced as a result of Hurricanes Katrina or Rita.

***Section 8 New Construction*** - Represents Section 8 Housing Assistance Payments that are administered by the Authority under the New Construction Program.

***Section 8 Moderate Rehabilitation Program*** - Represents Housing Assistance Payments administered by the Authority under the Section 8 Moderate Rehabilitation Programs.

***MTW Programs*** - Represents a demonstration program that provides the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. This program allows the flexibility to combine funds from the LIPH Program, Capital Fund Program, and Section 8 Housing Choice Voucher program into a "block grant" to help better meet the purposes of the demonstration and the needs of the communities.

***Capital Program*** - This program includes the Capital Fund Program and Replacement Housing Factor Program. The Authority receives grant funds, annually, under a formula-based award for the development, financing, and modernization of public housing developments and for management improvements. The Capital Program is the primary funding source for physical and management improvements to the Authority's properties.



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

**HOPE VI Grants** – This grant program is funded by HUD and used to explore redevelopment opportunities, and to plan, design, and build new housing communities.

**Major Reconstruction of Obsolete Public Housing Projects (MROP)** – This grant program is funded by HUD to finance the capital cost of rehabilitation of old public housing to maintain or expand the supply of decent, safe, and sanitary housing for low-income families.

**Business Activities** - The Authority utilizes various methods to construct new public housing communities. One method used by HACP, referred to as “Mixed Finance Development,” employs funds from traditional public housing sources such as the Capital Fund Program and uses capital generated from the sale of low-income housing tax credits. HACP business activities also include the Allies & Ross Management Development Corporation (ARMDC), which is reported as a blended component unit.

**Other Federal Programs** - Other federal programs operated by the Authority include:

- ◆ Resident Opportunity and Supportive Services
- ◆ Community Development Block Grants
- ◆ Clean Slate E3 (blended component unit)

**Other State and Local Programs** - The Other State and Local Programs operated by the Authority include, but are not limited to, violence prevention, training and job skills, the Street Team Youth Development Project, and the Clean Slate Program.

## *Financial Analysis of the Authority*

The Housing Authority of the City of Pittsburgh's Statements of Net Assets for the years ending December 31, 2010 and 2009 are presented in the following Table 1.

**Table 1**  
**Housing Authority of the City of Pittsburgh**  
**Statements of Net Assets**  
**As of December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>	<b>Total Change</b>	<b>% Change</b>
<i>Current Assets*</i>	\$139,806,920	\$125,412,095	\$14,394,825	11.5%
<i>Capital Assets, Net of Accumulated Depreciation</i>	\$100,595,543	\$93,999,907	\$6,595,636	7.0%
<i>Investment in Mixed Finance Development Activities*</i>	\$86,434,558	\$75,762,943	\$10,671,615	14.1%
<b>Total Assets</b>	<b>\$326,837,021</b>	<b>\$295,174,945</b>	<b>\$31,662,076</b>	<b>10.7%</b>
<i>Current Liabilities</i>	\$12,334,812	\$12,194,943	\$139,869	1.1%
<i>Noncurrent Liabilities</i>	\$31,258,637	\$32,376,336	(\$1,117,699)	-3.5%
<b>Total Liabilities</b>	<b>\$43,593,449</b>	<b>\$44,571,279</b>	<b>(\$977,830)</b>	<b>-2.2%</b>
<i>Invested in Capital Assets, Net of Related Debt*</i>	\$77,074,618	\$69,196,715	\$7,877,903	11.4%
<i>Restricted Net Assets</i>	\$127,568,877	\$117,362,819	\$10,206,058	8.7%
<i>Unrestricted Net Assets*</i>	\$78,600,077	\$64,044,132	\$14,555,945	22.7%
<b>Total Net Assets</b>	<b>\$283,243,572</b>	<b>\$250,603,666</b>	<b>\$32,639,906</b>	<b>13.0%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$326,837,021</b>	<b>\$295,174,945</b>	<b>\$31,662,076</b>	<b>10.7%</b>

\* The large variances found in these line items are explained on the next page.

*Financial Analysis of the Authority (continued)*

The Statements of Net Assets illustrate that Total Assets of the Authority increased by \$31,662,076 and Total Liabilities decreased by \$977,830. The results of operations in fiscal year 2010 created an overall increase in Net Assets of \$32,639,906. The Authority's Restricted Net Assets increased by \$10,206,058 and Unrestricted Net Assets increased by \$14,555,945. There was an increase of \$7,877,903 in Investments in Capital Assets, Net of Related Debt. Current Assets increased in 2010 by \$14,394,825, as Current Liabilities increased by \$139,869 and Noncurrent Liabilities decreased by \$1,117,699.

Current Assets increased to \$139,806,920 in 2010, from \$125,412,095, due largely to the continued positive operating results, which include a \$938,976 (11%) improvement in utility expense and other scattered savings. Altogether, these savings combined to offset a \$7.4 million reduction in grants received, providing an \$18.7 million increase in cash and equivalents by year-end.

Invested in Mixed Finance Development Activities was increased in 2010 by 14.1% to \$86,434,558 from \$75,762,943 in 2009. This increase of \$10,671,615 occurred despite the annual amortization of loans of \$2.6 million. \$13,006,511 of new activity included primarily a \$5.9 million permanent loan to Oak Hill from Program Income and \$3.9 million to Garfield Phase II.

Invested in Capital Assets, Net of Related Debt saw an increase of \$7,877,903. Significant components of the increase include \$1.6 million of land acquisition and \$3.6 million of Work in Progress from the ARRA Stimulus program. Restricted Net Assets were increased by \$10,206,058 (8.7%) and Unrestricted Net Assets were increased substantially by \$15,758,410 (24.6%) as a result of operations.

*Financial Analysis of the Authority (continued)*

The Statements of Net Assets reflect the financial position of the Authority, while the Statements of Revenues, Expenses, and Change in Net Assets illustrate the Authority's revenues and expenses for the fiscal year ending December 31, 2010. Table II below provides this statement along with a comparison to the fiscal year 2009 results of operation.

**Table II**  
**Housing Authority of the City of Pittsburgh**  
**Statements of Revenues, Expenses and Change in Net Assets**  
**For the Years Ended December 31, 2010 and 2009**

	<i>2010</i>	<i>2009</i>	<i>Total Change</i>	<i>% Change</i>
Grant Funding (Including Capital Grant)	\$ 116,090,623	\$ 123,527,574	\$ (7,436,951)	-6.02%
Tenant Revenue	7,149,927	7,482,797	(332,870)	-4.45%
Other Income	7,912,992	5,008,228	2,904,764	58.00%
Investment Income	662,429	464,587	197,842	42.58%
Fraud Recovery	54,374	37,781	16,593	43.92%
Gain (Loss) on Sale of Fixed Assets	(743,661)	(575,815)	(167,846)	-29.15%
<b>Total Revenue</b>	<b>131,126,684</b>	<b>135,945,152</b>	<b>(4,818,468)</b>	<b>-3.54%</b>
Grant Expense	3,276,075	4,462,574	(1,186,499)	-26.59%
Housing Assistance Payments	31,042,217	29,160,200	1,882,017	6.45%
Administrative	17,987,457	20,096,010	(2,108,553)	-10.49%
Demolition Expense	1,727,004	-	1,727,004	n/a
Depreciation/Amortization	7,269,687	7,678,530	(408,843)	-5.32%
Maintenance	10,327,435	9,913,991	413,444	4.17%
Utilities	7,770,136	8,709,112	(938,976)	-10.78%
Tenant Services	2,063,881	2,412,406	(348,525)	-14.45%
Protective Services	1,829,014	2,820,625	(991,611)	-35.16%
General Expense	11,383,734	9,971,556	1,412,178	14.26%
Interest Expense	1,246,285	320,349	925,936	289.04%
Insurance Expense	2,370,472	1,694,266	676,206	39.91%
Extraordinary Maintenance/Casualty Loss	193,381	698,299	(504,918)	-72.31%
<b>Total Expenses</b>	<b>98,486,778</b>	<b>97,937,918</b>	<b>558,860</b>	<b>0.57%</b>
Change in Net Assets	32,639,906	38,007,234	(5,367,328)	-14.12%
Beginning Net Assets	250,603,666	212,596,432	38,007,234	17.88%
<b>Ending Net Assets</b>	<b>\$ 283,243,572</b>	<b>\$ 250,603,666</b>	<b>\$ 32,639,906</b>	<b>13.02%</b>

Provided below in Table III is further detail by program of Revenues, Expenses, and Change in Net Assets during fiscal year 2010.

**Table III**  
Housing Authority of the City of Pittsburgh  
Revenues, Expenses, and Change in Net Assets - By Program  
For The Year Ended December 31, 2010

	Low-Income Public Housing	Capital Fund Grant	Housing Choice Vouchers	Section 8 New Constr.	SS MR & HCY FSS & DHP	Hope VI	Ross Grant	Other Programs	Business Activities
\$	44,462,068	\$ 18,100,906	\$ 43,520,112	\$ 199,388	\$ -	\$ -	\$ 14,073	\$ 9,794,076	\$ -
Grant Funding	7,149,927	-	-	-	-	-	-	-	-
Tenant Revenue	1,306,340	-	8,268	48,902	38,362	-	-	101,842	6,409,278
Other Income	78,223	-	283,146	582	157	-	-	-	300,321
Investment Income	2,246	-	52,128	-	-	-	-	-	-
Fraud Recovery	16,989,630	-	-	-	-	-	-	-	-
Fee and Front-line Revenue	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of	(743,661)	-	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>69,244,773</b>	<b>18,100,906</b>	<b>43,863,654</b>	<b>248,872</b>	<b>38,519</b>	<b>-</b>	<b>14,073</b>	<b>9,895,918</b>	<b>6,709,599</b>
Housing Assistance Payments	-	-	30,828,473	182,681	31,063	-	-	-	-
Administrative	23,850,658	-	3,873,133	18,114	4,802	-	-	2,097,867	2,286
Asset Mgmt Fee	308,301	-	-	-	-	-	-	-	-
Depreciation/Amortization	7,262,014	-	7,673	-	-	-	-	-	-
Maintenance	12,843,395	-	-	-	-	-	-	-	-
Utilities	7,770,136	-	-	-	-	-	-	-	-
Tenant Services	4,145,448	-	166,905	-	-	-	14,073	43,421	-
Protective Services	1,829,014	-	-	-	-	-	-	-	-
General Expense *	9,925,861	-	221,987	1,348	365	-	-	-	6,237,302
Interest Expense	1,246,285	-	-	-	-	-	-	-	-
Insurance Expense	2,234,673	-	135,799	-	-	-	-	-	-
Casualty Losses	102,994	-	-	-	-	-	-	-	-
Extraordinary Maintenance	90,387	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>71,609,166</b>	<b>-</b>	<b>35,233,920</b>	<b>202,143</b>	<b>36,230</b>	<b>-</b>	<b>14,073</b>	<b>2,141,288</b>	<b>6,239,588</b>
Operating Transfers In	137,942,665	-	42,152,773	-	-	-	-	-	6,045,058
Operating Transfers Out	(123,757,030)	(18,100,906)	(44,282,560)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>14,185,635</b>	<b>(18,100,906)</b>	<b>(2,129,787)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,045,058</b>
<b>Change in Net Assets</b>	<b>11,821,242</b>	<b>-</b>	<b>6,499,947</b>	<b>46,729</b>	<b>2,289</b>	<b>-</b>	<b>-</b>	<b>7,754,630</b>	<b>6,515,069</b>
Beginning Net Assets	43,879,239	60,165,009	28,888,646	184,097	431,014	4,915,493	-	546,672	111,593,496
Transfer of Equity	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
<b>Ending Net Assets</b>	<b>\$ 55,700,481</b>	<b>\$ 60,165,009</b>	<b>\$ 35,388,593</b>	<b>\$ 230,826</b>	<b>\$ 433,303</b>	<b>\$ 4,915,493</b>	<b>\$ -</b>	<b>\$ 8,301,302</b>	<b>\$ 118,108,565</b>

\* Includes grant and demolition expense, as presented on Table II.

### *Financial Analysis of the Authority (continued)*

The following commentary is designed to discuss significant operating trends or events occurring in fiscal year 2010 relating to Revenues and Expenses that have been illustrated by the Statement of Revenues, Expenses, and Changes in Net Assets.

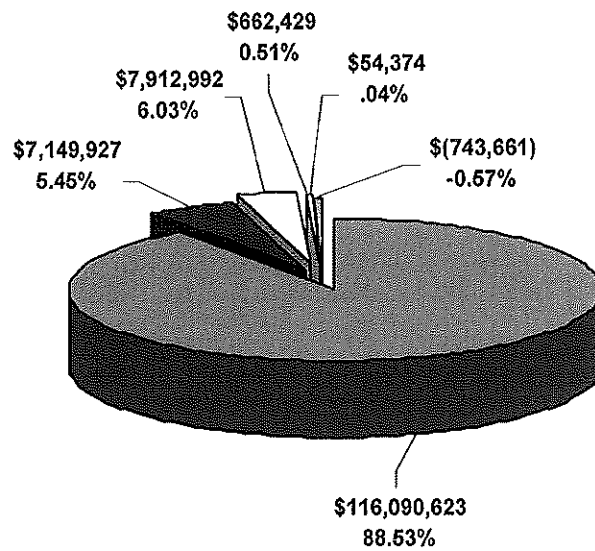
#### *Revenues*

Grants and subsidy payments from HUD are HACP's main source of funds. HACP has a very high reliance on HUD and therefore, the federal appropriations process. This creates a certain level of both volatility, in the amount of funds HACP receives, and security that once funds are committed, they will be received since they are provided by the federal government.

- ◆ \$116,090,623 or (88.53%) of the Authority's revenues are grants or subsidies received from governmental agencies, principally, HUD.
- ◆ \$7,149,927 or (5.45%) of the Authority's revenues are from tenants for dwelling rental charges, excess utilities, and miscellaneous charges. This amount decreased by 4.45% from the 2009 amount.
- ◆ In 2010, the Authority experienced a \$743,661 loss on the disposal of fixed assets. While there were small gains on the disposition of real property through the home ownership program, they were offset by losses of \$508,705 and \$328,877 recorded on demolition activity for St. Clair Village and Garfield Heights, respectively.

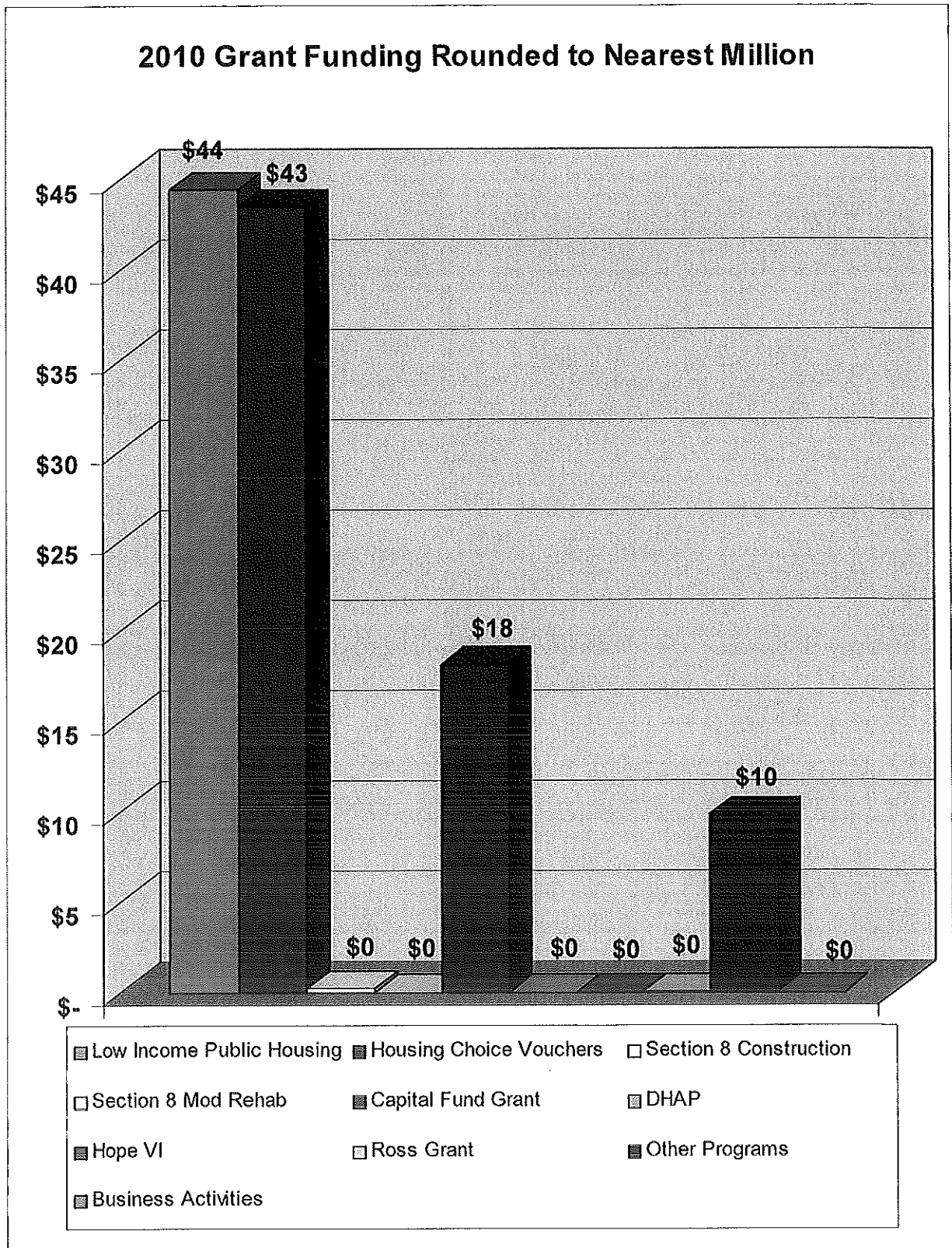
*Financial Analysis of the Authority (continued)*

**2010 Total Revenue**



- ☒ Grant Funding
- ☒ Tenant Revenue
- ☐ Other Income
- ☐ Investment Income
- ☒ Fraud Recovery
- ☒ Gain (Loss) on Sale of Fixed Assets

*Financial Analysis of the Authority (continued)*





## *Financial Analysis of the Authority (continued)*

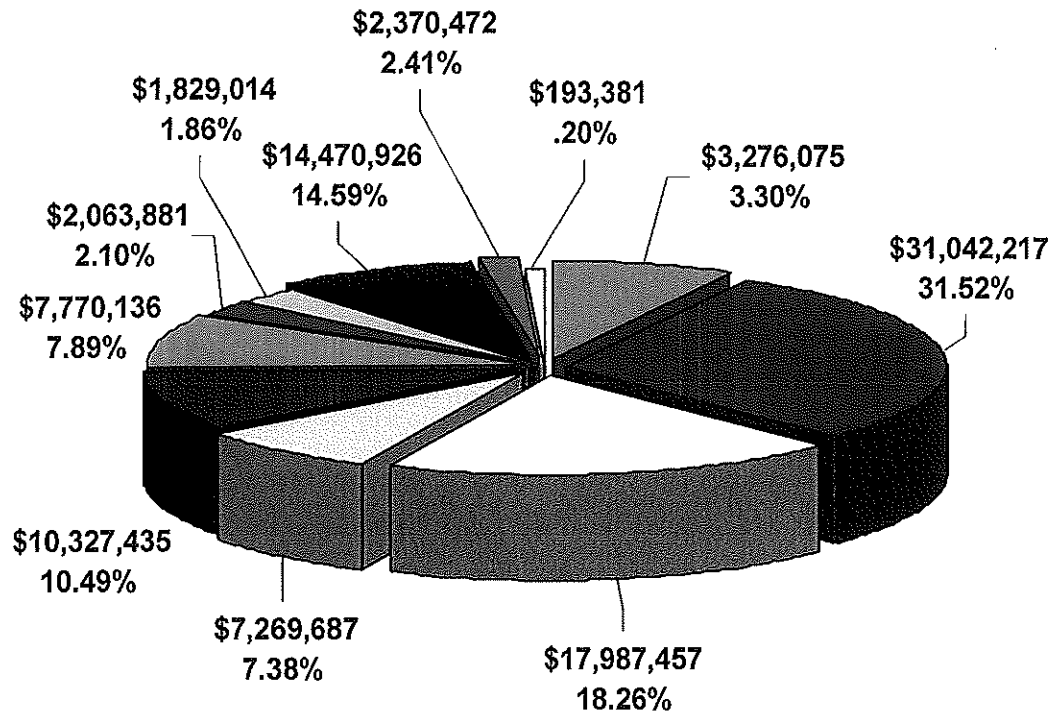
### *Expenses*

Total Expenses for the Authority increased by \$558,860 or 0.57%, to \$98,486,778 for the year ended December 31, 2010 compared to Total Expenses of \$97,937,918 for the year ended December 31, 2009.

- ◆ Housing Assistance Payments consist of rental payments to owners of private property for which the Authority has a Housing Assistance Payment agreement with the tenant and the owner for the difference between the tenant's rent and the applicable payment standard. Housing Assistance Payments expense increased by \$1,882,017 or 6.45%, to \$31,042,217 for the year ended December 31, 2010 compared to Housing Assistance Payments of \$29,160,200 for the year ended December 31, 2009. The increased expense relates primarily to the Authority's decision to absorb port-in vouchers from other agencies and the opening of the HACP waiting list for our available MTW vouchers. By year-end, HACP had increased Section 8 occupancy by 339 units, bringing the number of families served to 5,187.
- ◆ Grant Expense decreased significantly in 2010 from \$4,462,574 to \$3,276,075, a reduction of 26.6%. Significant expenditures in 2010 included \$2.2 million in site preparation for Garfield Phase II and \$529,785 for Garfield Phase III.
- ◆ Interest Expense increased in 2010 from \$320,349 to \$1,246,285, an increase of 289.04%. This was due to 2010 being the first full year in which interest was paid on the capital lease agreement.
- ◆ Administrative expense decreased from \$20,096,010 in 2009 to 17,987,457 in 2010, a decrease of 10.49%. This was due to decreased costs in 2010 related to the administration of the ARRA grant.

*Financial Analysis of the Authority (continued)*

### 2010 Total Expenses



- Grant Expense
- Housing Assistance Payments
- Administrative
- Depreciation / Amortization
- Maintenance
- Utilities
- Tenant Services
- Protective Services
- General, Interest, and Demolition Expense
- Insurance Expense
- Extraordinary Maintenance

*Financial Analysis of the Authority (continued)*

*Capital Assets*

Capital Assets, Net of Accumulated Depreciation, increased by \$6,595,636, or 7.02%, to \$100,595,543 as of December 31, 2010 compared to Capital Assets, Net of Accumulated Depreciation of \$93,999,907 as of December 31, 2009. Demolition in St. Clair Village and Garfield Heights resulted in a \$33 million write down of buildings and \$6.2 million in building acquisitions. Also impacting Net Capital Assets is the reduction of Accumulated Depreciation attached to the disposed property. The following table illustrates the Capital Asset values as of December 31, 2010 and 2009.

*Table IV*  
*Housing Authority of the City of Pittsburgh*  
*Capital Assets*  
*As of December 31, 2010 and 2009*

	<u>2010</u>	<u>2009</u>	<u>Total Change</u>	<u>% Change</u>
Land	\$ 20,830,611	\$ 19,139,631	\$ 1,690,980	8.83%
Construction in Progress	47,682,451	44,049,947	3,632,504	8.25%
Buildings	247,627,936	273,188,523	(25,560,587)	-9.36%
Furniture, Equipment, and Machinery - Dwellings	500,540	500,540	-	0%
Furniture, Equipment, and Machinery - Administration	3,307,970	3,240,435	67,535	2.08%
Gross Capital Assets	319,949,508	340,119,076	(20,169,568)	-5.93%
Accumulated Depreciation	(219,353,965)	(246,119,169)	26,765,204	-10.87%
<i>Total Capital Assets</i>	<u>\$ 100,595,543</u>	<u>\$ 93,999,907</u>	<u>\$ 6,595,636</u>	<u>7.02%</u>

*Financial Analysis of the Authority (continued)*

*Mixed Finance Development Activities*

The Authority provides grants, short-term financing, and long-term investments from its HOPE VI, Moving to Work including the Capital Fund, and MROP Programs to leverage low-income housing tax credits and other private sector sources of funds to finance the development of communities. Table V illustrates the Authority's investment in these types of community development opportunities. During 2010, the communities with active Mixed Finance Development activities were primarily two phases of Garfield and Oak Hill. Significant short-term activity included \$3 million and \$4 million repayments of current loans from Garfield Phase I and The Lou Mason (Legacy) developments respectively. Long Term activity included Permanent Loan payments to Oak Hill totaling \$5.9 million and \$4.6 million to Garfield Phase II.

*Table V*  
*Housing Authority of the City of Pittsburgh*  
*Mixed Finance Development Activities*  
*(Net of Amortization)*  
*As of December 31, 2010 and 2009*

	<u>2010</u>	<u>2009</u>
Short-Term Financing Provided to Mixed Finance Development Activities	\$ 430,172	\$ 6,945,770
Long-Term Investment (Net of Amortization In Mixed Finance Development Activities	<u>85,729,668</u>	<u>74,748,153</u>
<i>Total Mixed Finance Development Activities</i>	<u><i>\$ 86,159,840</i></u>	<u><i>\$ 81,693,923</i></u>

*Financial Analysis of the Authority (continued)*

*Long-Term Liabilities*

During the year ended December 31, 2010, the Authority had modest increases in Reserved Escrow Funding and Other Long Term Liabilities. The authority also continued to make principal payments on the Energy Performance Contract Capital Lease. The lease payments began in November of 2009 and will conclude in October of 2021. As of December 31, 2010, approximately \$17 million of the Construction in Progress balance was related to assets acquired or constructed through this lease financing. The long-term liability activity for the year ended December 31, 2010 is reflected in Table VI.

*Table VI*  
*Housing Authority of the City of Pittsburgh*  
*Long-term Liabilities Activity*  
*As of December 31, 2010 and 2009*

	<i>Balance at</i> <i>12/31/2009</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i> <i>12/31/2010</i>
Capital Lease	\$ 24,803,192	\$ -	\$ (1,282,266)	\$ 23,520,926
Self-Insurance Accruals	2,543,561	62,182	-	2,605,743
Reserved Escrow Funding	4,413,982	314,812	-	4,728,794
Compensated Absences	1,654,653	124,297	-	1,778,950
Other Long-Term Liabilities	1,115,247	202,056	-	1,317,303
Fannie Mae Line of Credit	-	6,409,844	(6,409,844)	-
<i>Totals</i>	<i>\$ 34,530,635</i>	<i>\$ 7,113,194</i>	<i>\$ (7,692,110)</i>	<i>\$ 33,951,719</i>

## *Financial Analysis of the Authority (continued)*

### *Economic Factors and Events Affecting Operations*

There are many economic factors that affect the financial position of HACP in the subsequent fiscal years. Some of these factors are listed below along with a brief discussion of their potential impact:

- ◆ HACP participates in the HUD demonstration program entitled “Moving-To-Work” (MTW). In 2009, HACP sought and received a ten-year extension of the MTW contract. The program, under contract through 2018, gives the agency the opportunity to design and test innovative, locally-designed housing and self-sufficiency strategies for low-income families by allowing exemptions from existing public housing and tenant-based Housing Choice Voucher rules.
- ◆ HACP receives federal funding from HUD as authorized by the U.S. Congress. During recent years, public housing authorities nationwide have experienced reduced funding. Whether that reduction takes the form of redesigning the program to limit its scope or a pro-ration of funding, the result is the same, less funding for authorities. The fiscal year 2010 public housing funding proration was 103%, a departure from four of the past five years when actual proration was less than 89%. For the 2011 fiscal year, proration was budgeted at 95% and proration of 80% is anticipated for fiscal year 2012.
- ◆ In fiscal year 2008, HUD required authorities to move to a site-based management method of accounting, funding, and operations. With the successful submission of our audited financials to HUD for fiscal year 2008, HACP has completed the transition to the site-based management method. The management and staff of the Authority have worked diligently to implement all required procedural and structural changes and have achieved full compliance with all of the site-based changes required by HUD. Although the transition to the site-based method has been challenging, the benefits of these changes are a more detailed view of how HACP operates at the project level. We continue to refine our site-based structures and methodology.
- ◆ As part of the 2009 American Recovery and Investment Act, HACP received an additional grant of \$27,099,188 on March 17, 2009. HACP was required to obligate all funds related to the grant by March 17, 2010, to expend 60% of the grant by March 17, 2011, and expend the remainder by March 17, 2012. HACP obligated all funds by the March 17, 2010 date and has already spent 95% of the funds as of August 25, 2011.

## *Conclusions*

The Authority has gone through many challenges over the past year and continues to work to successfully meet those challenges. The biggest challenges facing the Authority relate to its funding and the demands on that funding. The Authority continues to work to build new and vibrant communities, while at the same time maintaining its current stock of housing. There are substantial maintenance items and modifications that are required and funding for those items remain difficult. We however, continue our mission and look to spend with caution and optimistically look at any and all sources of revenue to move the Authority forward. We look forward to the upcoming fiscal year and the many challenges that present themselves. The management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and HUD.

This financial report is designed to provide a general overview of the Authority's finances. If you have any questions concerning any of the information provided in this Management's Discussion and Analysis you may contact:

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Housing Authority of the City of Pittsburgh  
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**HOUSING AUTHORITY OF THE  
CITY OF PITTSBURGH**  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2010 AND 2009

Assets	2010	2009
Current assets:		
Cash and cash equivalents:		
Cash:		
Cash - unrestricted	\$ 40,030,068	\$ 56,786,744
Cash - other restricted	32,986,063	35,913,173
Cash - restricted - tenant security deposits	241,760	268,121
Total cash	73,257,891	92,968,038
Investments (cash equivalents):		
Investments - unrestricted	37,050,721	7,662,355
Investments - restricted	19,255,267	10,217,428
Total investments (cash equivalents)	56,305,988	17,879,783
Total cash and cash equivalents	129,563,879	110,847,821
Accounts receivable, net of allowances for doubtful accounts:		
Accounts receivable - PHA projects	-	526,275
Accounts receivable - HUD other projects	8,050,448	5,360,230
Accounts receivable - other government	-	153,217
Accounts receivable - miscellaneous	95,191	61,166
Accounts receivable - tenants - dwelling rents	560,403	736,273
Allowance for doubtful accounts - dwelling rents	(294,764)	(560,065)
Mixed finance notes receivable - current	430,172	6,945,770
Fraud recovery	329,095	249,115
Accrued interest receivable	133,111	2,942
Total accounts receivable, net of allowances for doubtful accounts	9,303,656	13,474,923
Prepaid expenses and other assets - current	487,294	602,484
Inventories, net of allowance	-	1
Assets held for sale	452,091	486,866
Total current assets	139,806,920	125,412,095
Noncurrent assets:		
Capital assets:		
Land	20,830,611	19,139,631
Buildings	247,627,936	273,188,523
Furniture, equipment, and machinery - dwellings	500,540	500,540
Furniture, equipment, and machinery - administration	3,307,970	3,240,435
Accumulated depreciation	(219,353,965)	(246,119,169)
Construction in progress	47,682,451	44,049,947
Total capital assets, net of accumulated depreciation	100,595,543	93,999,907
Prepaid expenses and other assets - noncurrent	400,000	400,000
Other notes receivable - noncurrent	304,890	614,790
Investment in mixed finance development activities, net of accumulated amortization	85,729,668	74,748,153
Total noncurrent assets	187,030,101	169,762,850
Total Assets	\$ 326,837,021	\$ 295,174,945

(Continued)

See accompanying notes to financial statements.



# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## STATEMENTS OF NET ASSETS

DECEMBER 31, 2010 AND 2009

(Continued)

Liabilities and Net Assets	2010	2009
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 5,765,694	\$ 4,524,611
Accrued wage/payroll taxes payable	387,029	1,163,573
Accrued compensated absences - current	149,262	133,172
Accrued contingency liability	1,136,075	820,366
Accounts payable - HUD PHA programs	5,918	1,092
Accounts payable - PHA Projects	-	22,455
Tenant security deposits	241,760	268,121
Deferred revenue	435,797	123,406
Current portion of capital lease liability	1,407,743	1,282,265
Other current liabilities	2,805,534	3,855,882
Total current liabilities	12,334,812	12,194,943
Noncurrent liabilities:		
Capital lease liability - noncurrent	22,113,183	23,520,927
Accrued compensated absences - noncurrent	1,629,688	1,521,481
Other noncurrent liabilities	7,515,766	7,333,928
Total noncurrent liabilities	31,258,637	32,376,336
Total Liabilities	43,593,449	44,571,279
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	77,074,618	69,196,715
Restricted for:		
Business activities loans	118,108,565	111,593,497
Loan collateral	4,225,000	4,225,000
Oak Hill mixed financing project	3,786,342	-
Housing Choice Voucher Program	1,448,970	1,544,322
Unrestricted net assets	78,600,077	64,044,132
Total Net Assets	283,243,572	250,603,666
Total Liabilities and Net Assets	\$ 326,837,021	\$ 295,174,945

(Concluded)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>Operating Revenues:</b>		
Tenant revenue:		
Net tenant rental revenue	\$ 7,068,869	\$ 7,425,667
Tenant revenue - other	81,058	57,130
Total tenant revenue	7,149,927	7,482,797
HUD PHA operating grants	104,480,725	110,176,005
Other revenue	7,912,992	5,008,228
Investment income - unrestricted	592,731	306,903
Investment income - restricted	69,698	157,684
Fraud recovery	54,374	37,781
Total operating revenues	120,260,447	123,169,398
<b>Operating Expenses:</b>		
Housing assistance payments	31,042,217	29,160,200
Grant expense	3,276,075	4,462,574
Administrative:		
Administrative salaries	6,794,427	6,748,475
Employee benefit contributions - administrative	2,141,737	2,183,384
Other operating - administrative	9,051,293	11,164,151
Tenant services:		
Tenant services - salaries	1,006,244	1,083,489
Relocation costs	129,474	192,006
Employee benefit contributions - tenant services	372,502	357,785
Tenant services - other	555,661	779,126
Utilities:		
Water	1,600,873	1,665,259
Electricity	2,278,065	2,016,833
Gas	2,400,874	3,224,638
Sewer	1,490,324	1,802,382
Ordinary maintenance and operations:		
Ordinary maintenance and operations - labor	5,447,734	5,448,874
Ordinary maintenance and operations - materials and other	1,617,257	1,473,266
Ordinary maintenance and operations - contract costs	1,065,234	836,058
Employee benefit contributions - ordinary maintenance	2,197,210	2,155,793
Protective services:		
Protective services - labor	-	125,343
Protective services - other contract costs	1,829,014	2,695,089
Protective services - other	-	193
Insurance expense:		
Property insurance	291,395	472,920
Liability insurance	406,065	395,203
Workmen's compensation	1,457,229	580,427
All other insurance	215,783	245,716
General expense:		
Other general expenses	259,695	382,410
Demolition expense	1,727,004	-
Other payroll related expenses	2,657,629	2,218,241
Bad debt expense	4,673,461	3,950,178
Outside management fees	3,792,949	3,420,727
Mixed financing investment amortization	1,360,188	1,963,449
Total operating expenses	91,137,613	91,204,189
<b>Operating Income</b>	29,122,834	31,965,209

(Continued)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 (Continued)

	2010	2009
<b>Non-Operating Revenues (Expenses):</b>		
Extraordinary maintenance	(90,387)	(120,118)
Casualty gains/losses - non-capitalized	(102,994)	(578,181)
Interest expense	(1,246,285)	(320,349)
Gain (loss) on disposition of fixed assets	(743,661)	(575,815)
Depreciation expense	(5,909,499)	(5,715,081)
 Total non-operating revenues (expenses)	 (8,092,826)	 (7,309,544)
<b>Capital Contributions:</b>		
HUD capital grants	11,609,898	13,351,569
 Change in Net Assets	 32,639,906	 38,007,234
Total net assets - beginning	250,603,666	212,596,432
Total net assets - ending	<u>\$ 283,243,572</u>	<u>\$ 250,603,666</u>

(Concluded)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>Cash Flows From Operating Activities:</b>		
Operating grants received	\$ 104,480,725	\$ 110,176,005
Receipts from tenants	7,008,529	7,629,283
Other receipts	1,537,116	971,758
Housing assistance payments	(30,515,942)	(29,562,779)
Payments for goods and services	(29,382,345)	(26,867,499)
Grant expense	(3,276,075)	(7,568,976)
Payments to employees	(21,269,730)	(17,314,783)
Net cash provided by (used in) operating activities	28,582,278	37,463,009
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Cash received from outstanding loans receivable	7,000,000	5,546,478
Cash paid out for loans receivable	(484,402)	-
Net cash provided by (used in) non-capital financing activities	6,515,598	5,546,478
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Capital grants received for capital assets	8,919,680	11,209,157
Cash paid out for long term loan investments	(10,680,621)	(13,222,643)
Cash received from long term loan investments	817,591	-
Proceeds from debt	6,409,844	8,910,549
Payments on debt	(7,692,110)	(9,218,158)
Interest payments	(1,246,285)	(320,349)
Acquisition and construction of capital assets	(13,442,177)	(33,329,349)
Net cash provided by (used in) capital and related financing activities	(16,914,078)	(35,970,793)
<b>Cash Flows From Investing Activities:</b>		
Interest and dividends on investments	532,260	584,895
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>18,716,058</b>	<b>7,623,589</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	110,847,821	103,224,232
End of year	\$ 129,563,879	\$ 110,847,821

(Continued)

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Continued)

	2010	2009
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by (Used in) Operating Activities:</b>		
Operating income	\$ 29,122,834	\$ 31,965,209
Adjustments to reconcile operating income to net cash and cash equivalents provided by (used in) operating activities:		
Investment (income) loss	(662,429)	(464,587)
Changes in mixed financing items	(1,118,485)	1,963,449
Change in assets and liabilities:		
Accounts receivable	1,024,896	(338,639)
Allowance for uncollectible accounts	(265,301)	68,174
Prepaid expenses and other current assets	115,191	75,003
Assets held for sale	34,775	23,151
Accounts payable and accrued liabilities	18,406	4,285,173
Deferred revenue	312,391	(113,924)
Total adjustments	(540,556)	5,497,800
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 28,582,278</u>	<u>\$ 37,463,009</u>

(Concluded)

Cash and cash equivalents at end of year:		
Cash - unrestricted	\$ 40,030,068	\$ 56,786,744
Cash - restricted	33,227,823	36,181,294
Investments - unrestricted	37,050,721	7,662,355
Investments - restricted	19,255,267	10,217,428
	<u>\$ 129,563,879</u>	<u>\$ 110,847,821</u>

See accompanying notes to financial statements.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The governing body of the Housing Authority of the City of Pittsburgh (Authority) is its Board of Commissioners (Board), which is composed of seven members appointed by the Mayor of the City of Pittsburgh (City). The Board appoints an executive director to administer the affairs of the Authority. The City does not have the ability to significantly influence Authority operations, does not subsidize the Authority's operations, and does not guarantee any Authority debt service. The operations of the Authority are subsidized primarily by the federal government.

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

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

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

#### **Blended Component Units:**

##### Allies and Ross Management and Development Corporation (ARMDC)

During 2007, the Authority created ARMDC as a separate non-profit organization to provide housing opportunities and housing-related activities. ARMDC is provided grants by the Authority, and in turn, is a contributing partner in mixed financing development activities described further in Note 3. This blended component unit is included within the Business Activities program within the Financial Data Schedules (FDS).

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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### Clean Slate E3

During 2008, the Authority created Clean Slate E3, Inc., (a separate non-profit organization) to promote a drug-free lifestyle and support educational opportunities and human and social service programs for residents of affordable and mixed income housing communities. This blended component unit is included as a separate program strip within the FDS.

### Basis of Accounting

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

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

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

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

Capital Program: This program includes the Capital Fund Program and the Replacement Housing Factor Program. The Authority receives funding to rehabilitate and repair existing housing stock and to develop new housing. The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties. It is the Authority's policy to present all operating expenses paid from these programs as administrative expenses on the statements of activities. As discussed above in the LIPH Program description, the Capital Program is required to be reported together with the LIPH Program on the FDS.

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# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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HOPE VI Program: Grant program funded by HUD to explore redevelopment opportunities, and to plan, design, and build new housing communities. It is the Authority's policy to present all operating expenses paid from these programs as administrative expenses on the statements of activities.

Major Reconstruction of Obsolete Public Housing Projects (MROP): Grant program funded by HUD to finance the capital cost of rehabilitation of old public housing to maintain or expand the supply of decent, safe, and sanitary housing for low-income families. It is the Authority's policy to present all operating expenses paid from these programs as administrative expenses on the statements of activities.

Section 8 New Construction: Represents Section 8 Housing Assistance Payment Programs that are administered by the Authority. During 2007, the oversight of all but one of these properties was turned over to the Pennsylvania Housing Finance Agency. The Authority anticipates that HUD will approve the transfer of the remaining net assets of approximately \$165,000 in the closed programs for use in the Housing Choice Voucher Program; however, the Authority is still waiting for the final closeout instructions in regard to these properties.

Section 8 Moderate Rehabilitation Program: Represents Housing Assistance Payments administered by the Authority under the Section 8 Moderate Rehabilitation Program.

Section 8 Housing Choice Voucher Program: Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord.

MTW Programs: Represents a demonstration program that provides the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. This program allows the flexibility to combine funds from the LIPH Program, Capital Fund Program, and Section 8 Housing Choice Voucher program into a "block grant" to help them better meet the purposes of the demonstration and the needs of the community.

Business Activities: The Authority utilizes various methods to construct new public housing communities. One such method, referred to as Mixed Finance Development Activities, employs funds from traditional public housing sources such as the Capital Fund Program and uses capital generated from the sale of low-income housing tax credits. Business Activities also includes the ARMDC (blended component unit).

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# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

Other Federal Programs: Other federal programs operated by the Authority include:

- Resident Opportunity and Supportive Services
- Community Development Block Grant (CDBG)
- State and Local
- Disaster Housing Assistance Program (DHAP)
- Clean Slate E3 (blended component unit)

### Operating and Non-Operating Revenues

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

### Classification of Net Assets

Assets are classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
  - Restricted – This component of net assets consists of those net assets with limits on their use that are externally imposed (in the Authority's case, by the grantor). A portion of the Authority's restricted net assets are restricted in accordance with the mixed financing agreements as discussed in Note 3, for the Fannie Mae line of credit as described in Notes 2 and 6, for the Oak Hill mixed financing project, and for housing assistance payments within the Section 8 Housing Choice Voucher Program.
  - Unrestricted – The component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
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# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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### Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

### Budgets

The Authority's activities are governed by budgets which are established by the Board Commissioners and are reviewed by its grantor agencies, chiefly HUD.

### Statements of Cash Flows

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

### Accounts Receivable

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

### Investments

The Authority's investments are stated at fair value.

### Inventories

It is the Authority's policy to expense materials and supplies when purchased.

### Capital Assets

The Authority capitalizes assets with a value of \$5,000 or greater and useful lives exceeding beyond one year. Capital assets are valued at historical or estimated historical cost. Depreciation is computed using the straight-line method over their estimated useful lives: 27.5 years for buildings and extensive modernization efforts; 10 years for standard modernization efforts; seven years for vehicles; five years for dwelling equipment; and three years for computer equipment.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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### Compensated Absences

Unused employee vacation is accumulated and paid upon resignation, retirement, or termination. Unused employee sick time is accumulated and paid to those employees who retire after at least 20 years of service, and who also reach 50 years of age. The amount of the compensated absence liability is accrued and expensed as earned.

### Reclassification

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

## **2. CASH AND INVESTMENTS**

### Cash

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

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

*Custodial Credit Risk* – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires that any deposits in excess of insurance coverage are to be fully collateralized by securities that are approved under the investment policy.

As of December 31, 2010, \$1,314,245 of the Authority's \$31,635,518 bank balance (with a carrying amount of \$31,522,560 as of December 31, 2010) was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$30,321,273 was exposed to custodial credit risk, which is collateralized both in accordance with the Authority's investment policy, and in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

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Included in the 2010 deposit amounts in the preceding paragraph are \$696,889 of certificates of deposit and \$100,747 of savings deposits classified as investments on the statements of net assets. Bank value approximates book value for all of these investments. Excluded from the above amounts, but presented as cash and cash equivalents on the statements of net assets, are investments with a carrying balance of \$42,532,967 and a bank balance of \$44,773,057 described in more detail under the investments section below.

As of December 31, 2009, \$1,100,000 of the Authority's \$38,018,664 bank balance (with a carrying amount of \$37,998,253 as of December 31, 2010) was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$36,918,664 was exposed to custodial credit risk, which was collateralized both in accordance with the Authority's investment policy, and also in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Included in the 2009 deposit amounts in the preceding paragraph are \$686,520 of certificates of deposit and \$100,170 of savings deposits classified as investments on the statements of net assets. Bank value approximates book value for all of these investments. Excluded from the above amounts, but presented as cash and cash equivalents on the statements of net assets, are investments with a carrying balance of \$55,756,475 and a bank balance of \$63,974,523 described in more detail under the investments section below.

### Restricted Cash

At December 31, 2010, cash was restricted for the following purposes: \$552,487 and \$435,727 for the LIPH and Voucher Family Self Sufficiency Programs, respectively (total of \$988,214 for the Family Self Sufficiency Program), \$241,760 for tenant security deposits, \$23,735,642 for mixed financing initiatives, \$4,235,139 as collateral for the Fannie Mae line of credit, \$3,786,343 for the Oak Hill mixed financing project, \$240,725 for the Honeywell capital lease.

At December 31, 2009, cash was restricted for the following purposes: \$538,538 and \$271,704 for the LIPH and Voucher Family Self Sufficiency Programs, respectively (total of \$810,242 for the Family Self Sufficiency Program), \$268,121 for tenant security deposits, \$26,746,682 for mixed financing initiatives, \$4,255,000 as collateral for the Fannie Mae line of credit, and \$4,131,249 for the Honeywell capital lease.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

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### Investments

Investments are highly liquid and are classified as cash and cash equivalents for financial statement purposes. Investments consisted of the following at December 31, 2010:

<u>Investment Type</u>	<u>Fair Market Value</u>	<u>Book Value</u>
Money Markets - J.P. Morgan	\$ 4,728,795	\$ 4,728,795
PNC Capital	45,441,179	45,441,179
Mutual Funds - Blackrock	50,111,433	47,871,345
	<u>\$ 100,281,407</u>	<u>\$ 98,041,319</u>

The difference of \$2,240,088 between fair value and book value is due to outstanding checks as of December 31, 2010.

As of December 31, 2010, investments of \$44,773,057 in Blackrock mutual funds with a book value of \$42,532,967 are considered to be cash and cash equivalents for presentation on the statements of net assets. \$797,636 of deposits discussed in more detail in the "cash" section above is considered to be investments for presentation on the statements of net assets.

Investments consisted of the following at December 31, 2009:

<u>Investment Type</u>	<u>Fair Market Value</u>	<u>Book Value</u>
Money Markets - J.P. Morgan	\$ 3,873,926	\$ 4,413,983
Mutual Funds - Blackrock	71,197,434	68,435,585
	<u>\$ 75,071,360</u>	<u>\$ 72,849,568</u>

The difference of \$2,221,792 between fair value and book value is due to outstanding checks as of December 31, 2009.

As of December 31, 2009, investments of \$63,974,523 in Blackrock mutual funds with a book value of \$55,756,475 are considered to be cash and cash equivalents for presentation on the statements of net assets. \$786,690 of deposits discussed in more detail in the "cash" section above is considered to be investments for presentation on the statements of net assets.

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

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

*Credit risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Authority's investment policy does not limit its investment choices based on credit ratings by nationally recognized statistical rating organizations; however, it does require the investment company to provide a statement of potential default and risk. As of December 31, 2010, investments in J.P. Morgan and Blackrock have received an AAA rating from Standards & Poor's.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Authority's investment policy for custodial credit risk limits the amount of funds invested in any investment vehicle, and also requires a statement of potential default and risk be provided to the Authority by the investment company. The Authority's investments in J.P. Morgan and Blackrock are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

*Interest Rate Risk* – Per the Authority's investment policy, investments are scheduled to mature when funds are needed, and the Authority may invest in securities with a maturity of up to five years; however, the average duration of the portfolio should not exceed two years. As of December 31, 2010 and 2009, all investments had an average maturity of less than one year.

### Restricted Investments

Investments of \$4,728,795 and \$4,413,982, as of December 31, 2010 and 2009, respectively, are restricted because of contractual agreements with a mixed finance development partnership. Investments of \$900,020 and \$2,182,767, as of December 31, 2010 and 2009, respectively, are restricted for fire loss and commercial property self-insured contingency. Also, investments of \$13,626,452 and \$3,620,679, as of December 31, 2010 and 2009, respectively, were generated from HOPE VI and Capital Fund loan repayments and are restricted as to their use.

### **3. MIXED FINANCE DEVELOPMENT ACTIVITIES PROGRAM**

The Authority has embarked on a program to develop mixed income housing developments to replace a significant portion of its aging and isolated housing stock. The Authority is providing grants, short-term financing, and long-term investments from its HOPE VI and

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# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

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Capital Fund Programs to leverage low-income housing tax credits and additional private sector financing to develop mixed-income housing communities.

The Authority's Investment in Mixed Finance Development Activities is in the form of bridge loans and long-term financing. Bridge loans are short-term financing provided to the development until the construction is completed and permanent financing is put in place. These bridge loans are normally paid back to the Authority within five years of the loan being drawn. Long-term investments are in the form of a long-term note receivable, and are amortized over the life of each note receivable. Amortization expense is included in general expense in the statements of revenues, expenses, and changes in net assets.

### Mixed Finance Development Activities (Dollars in Millions)

<u>As of December 31, 2010:</u>	
Bridge loan financing	\$ 0.4
Long-term investments (net of amortization)	<u>85.7</u>
Balance	<u><u>\$ 86.1</u></u>
 <u>As of December 31, 2009:</u>	
Bridge loan financing	\$ 6.9
Long-term investments (net of amortization)	<u>74.7</u>
Balance	<u><u>\$ 81.6</u></u>

The net assets (consisting of cash, investments, and notes receivable) of the mixed finance business activities are considered restricted net assets and total \$118,108,565 and \$111,593,497 for the years ended December 31, 2010 and 2009, respectively.

#### 4. PENSION PLAN

The Authority sponsors and acts as the trustee for a defined contribution, contributory pension plan, the "Housing Authority of the City of Pittsburgh Pension Plan" (Plan) covering all eligible employees, which qualifies under Section 401(a) of the Internal Revenue Code. At December 31, 2010, there were approximately 410 Plan participants and at December 31, 2009, there were approximately 430 Plan participants. The Authority's contribution is 6% of the first \$4,800 earned by the participating employee and 8% of the employee's earnings in excess of \$4,800. The employee's contribution is 4% of the first \$4,800 and 6% of the

# **HOUSING AUTHORITY OF THE CITY OF PITTSBURGH**

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employee's earnings in excess of \$4,800. As of January 1, 2008, participants begin to vest in employer contributions after a participant has met a service requirement of one year. Participants continue to vest ratably in employer contributions during their years of service until they reach 100% vesting at five years of service. Plan provisions and contribution requirements are established and may be amended by the Authority.

The Authority deposits the total contribution with a trustee for investment and administration. The contributions made by the Authority and employees for the fiscal year ended December 31, 2010 were approximately \$1,063,000 and \$798,000, respectively, and for the fiscal year ended December 31, 2009 were approximately \$999,000 and \$751,000, respectively.

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

A summary of changes in capital assets is as follows:



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FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	December 31, 2009	Increases	Decreases	December 31, 2010
Capital assets, not being depreciated:				
Land	\$ 19,139,631	\$ 1,698,541	\$ (7,561)	\$ 20,830,611
Construction in progress	44,049,947	11,640,166	(8,007,662)	47,682,451
Total capital assets not being depreciated	63,189,578	13,338,707	(8,015,223)	68,513,062
Capital assets being depreciated:				
Buildings	273,188,523	8,007,662	(33,568,249)	247,627,936
Furniture, equipment, and machinery - dwellings	500,540	-	-	500,540
Furniture, equipment, and machinery - administration	3,240,435	207,375	(139,840)	3,307,970
Total capital assets, being depreciated	276,929,498	8,215,037	(33,708,089)	251,436,446
Less accumulated depreciation for:				
Buildings	(243,427,578)	(5,580,877)	32,689,665	(216,318,790)
Furniture, equipment, and machinery - dwellings	(261,870)	(82,563)	-	(344,433)
Furniture, equipment, and machinery - administration	(2,429,721)	(400,861)	139,840	(2,690,742)
Total accumulated depreciation	(246,119,169)	(6,064,301)	32,829,505	(219,353,965)
Total capital assets being depreciated, net	30,810,329	2,150,736	(878,584)	32,082,481
Total capital assets	\$ 93,999,907	\$ 15,489,443	\$ (8,893,807)	\$ 100,595,543

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	December 31, 2008	Increases	Decreases	December 31, 2009
Capital assets, not being depreciated:				
Land	\$ 18,688,471	\$ 455,206	\$ (4,046)	\$ 19,139,631
Construction in progress	18,627,215	32,240,661	(6,817,929)	44,049,947
Total capital assets not being depreciated	37,315,686	32,695,867	(6,821,975)	63,189,578
Capital assets being depreciated:				
Buildings	284,014,714	6,817,929	(17,644,120)	273,188,523
Furniture, equipment, and machinery - dwellings	122,707	382,833	(5,000)	500,540
Furniture, equipment, and machinery - administration	3,529,221	94,047	(382,833)	3,240,435
Total capital assets, being depreciated	287,666,642	7,294,809	(18,031,953)	276,929,498
Less accumulated depreciation for:				
Buildings	(254,975,493)	(5,365,570)	16,913,485	(243,427,578)
Furniture, equipment, and machinery - dwellings	(106,597)	(160,273)	5,000	(261,870)
Furniture, equipment, and machinery - administration	(2,240,485)	(265,801)	76,565	(2,429,721)
Total accumulated depreciation	(257,322,575)	(5,791,644)	16,995,050	(246,119,169)
Total capital assets being depreciated, net	30,344,067	1,503,165	(1,036,903)	30,810,329
Total capital assets	\$ 67,659,753	\$ 34,199,032	\$ (7,858,878)	\$ 93,999,907

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### 6. LONG -TERM LIABILITIES

#### Fannie Mae Line of Credit

In December 2008, the Authority obtained a five year, \$16.9 million variable rate line of credit through Fannie Mae. The interest rate is capped at 10%, and as part of the agreement, the Authority is required to maintain an escrow cash account in the amount of \$4,225,000 as collateral on the line of credit. In 2010, the Authority drew down approximately \$6.4 million, and repaid that full amount and any interest owed prior to December 31, 2010. The line of credit option remains outstanding as of December 31, 2010. In 2009 the Authority drew down approximately \$8.9 million, and repaid that full amount and any interest owed prior to December 31, 2009.

#### Honeywell Lease

In 2008, the Authority entered into a partnership with Honeywell International to improve the energy efficiency of the Authority's LIPH units by retro fitting the units with renewable geothermal technology. To finance this project, the Authority obtained \$25,110,801 tax-exempt lease financing at an interest rate of 4.6%. The lease payments began in November 2009, and will end in October 2021. The monthly payment is approximately \$209,000 a month, and increase over the life of the lease to approximately \$281,000 at the end of the lease term.

Yearly payment amounts are as follows:

Year Ending December 31,	Principal Payment	Interest Payment
2011	\$ 1,407,742	\$ 1,188,200
2012	1,541,077	1,124,285
2013	1,682,692	1,054,172
2014	1,833,039	977,475
2015	1,992,582	893,784
2016-2020	12,714,383	2,937,373
2021	2,349,411	177,026
	<u>\$ 23,520,926</u>	<u>\$ 8,352,315</u>

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All improvements were still considered construction in progress as of year-end, and as such no depreciation was taken on these assets during the year. As of December 31, 2010, approximately \$25 million of the construction in progress balance was related to assets acquired or constructed through this lease financing.

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Balance at December 31, 2009	Additions	Reductions	Balance at December 31, 2010	Due Within One Year
Capital lease	\$24,803,192	\$ -	\$ (1,282,266)	\$ 23,520,926	\$ 1,407,743
Self-insurance accruals	2,543,561	692,501	(630,319)	2,605,743	1,136,075
Reserved escrow funding	4,413,982	314,813	-	4,728,795	-
Compensated absences	1,654,653	257,469	(133,172)	1,778,950	149,262
Other long-term liabilities	1,115,247	202,056	-	1,317,303	-
Fannie Mae line of credit	-	6,409,844	(6,409,844)	-	-
	<u>\$34,530,635</u>	<u>\$ 7,876,683</u>	<u>\$ (8,455,601)</u>	<u>\$ 33,951,717</u>	<u>\$ 2,693,080</u>

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Balance at December 31, 2008	Additions	Reductions	Balance at December 31, 2009	Due Within One Year
Capital lease	\$25,110,801	\$ -	\$ (307,609)	\$ 24,803,192	\$ 1,282,265
Self-insurance accruals	3,062,483	611,591	(1,130,513)	2,543,561	738,862
Reserved escrow funding	1,875,912	2,538,070	-	4,413,982	-
Compensated absences	1,523,204	253,251	(121,802)	1,654,653	133,172
Other long-term liabilities	842,795	272,452	-	1,115,247	-
Fannie Mae line of credit	-	8,910,549	(8,910,549)	-	-
	<u>\$32,415,195</u>	<u>\$ 12,585,913</u>	<u>\$ (10,470,473)</u>	<u>\$ 34,530,635</u>	<u>\$ 2,154,299</u>

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

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### 7. RISK MANAGEMENT

#### Fire Losses

Until 2007, the Authority maintained a self-insurance program for all fire losses, which was initially funded with subsidies from HUD. Excess insurance coverage was not carried for this purpose. Funds set aside for fire losses were reviewed annually for sufficiency based upon known claims and those for which it was deemed probable that a liability had been incurred, at the date of the financial statements, and the amount of the loss was reasonably estimable.

During 2007, the Authority made the decision to end their self-insurance program, and purchased a commercial insurance policy to cover any future fire losses. As the new policy only covered future losses, a liability was set-up to accrue for the costs required to repair any units damaged by fire prior to the policy taking effect. The Authority intends to carry commercial insurance for fire losses going forward. The Authority anticipates repairing or demolishing the fire-damaged units during future periods, at which time the fire loss liability will be reduced accordingly.

The accrual for fire loss was approximately \$712,000 and \$1.3 million as of December 31, 2010 and 2009, respectively. Fire loss paid was approximately \$588,000 and \$526,000 for the years ended December 31, 2010 and 2009, respectively.

#### Commercial Property

The Authority carries commercial insurance for property losses.

#### Workers' Compensation

Prior to 2010, the Authority administered a limited self-insurance program for workers' compensation. During 2010 the Authority began using commercial insurance purchased from independent third parties to handle current claims; however, claims incurred prior to the purchase of the commercial insurance will still continue to be administered through the self-insurance program.

#### Self Insurance

The Authority was self insured for workers' compensation and employers' liability losses resulting from bodily injury by any one accident or from disease sustained by one employee for the first \$400,000 of each occurrence. The Authority maintains aggregate

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# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

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excess insurance for losses as a result of any one injury by accident and as a result of injury by disease sustained by all employees during the annual period of the policy. As part of this self-insurance program, the Authority was also required to enter into a revised irrevocable agreement of trust with the Commonwealth of Pennsylvania Bureau of Workers Compensation that required the Authority to establish a trust fund and to deposit funds up to the current value of its outstanding claims liability minus an amount as determined by the Commonwealth.

Independent actuarial assessments of self-insured workers' compensation were performed as of July 2010 and 2009. The actuary assessments were revised to indicate the outstanding claims liability balance at December 31, 2010 and 2009, which were \$1,893,434 and \$1,231,437, respectively. The discount rate used to discount the above 2010 liability was 3.95%.

The provision for the workers' compensation fund is based on estimates of the amounts necessary to pay prior and current-year claims and administrative fees and to maintain the necessary reserves.

The Authority utilizes third-party administrators to make payments on the workers' compensation claims under the self insured program. The third-party administrators have established escrow accounts, which were funded by the Authority. The third-party administrators pay any workers' compensation claims from this account, with the Authority reimbursing the third-party administrators.

### Accrued Claims Liability:

	December 31, 2010	December 31, 2009
Unpaid claims, beginning of fiscal year	\$ 1,231,437	\$ 1,283,712
Incurred claims (including IBNRs- incurred but not reported) and change in estimates	1,067,827	551,562
Claim payments	(405,830)	(603,837)
Unpaid claims, end of fiscal year	<u>\$ 1,893,434</u>	<u>\$ 1,231,437</u>

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# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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### Other Risks

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. Other significant business risks (i.e. professional liability, etc.) are handled by commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements under these policies have been less than insurance coverage for each of the past three fiscal years.

## **8. CONTINGENCIES AND COMMITMENTS**

### Contingencies

The Authority is currently involved in pending litigation concerning contracts for the modernization of several housing projects. While it is not feasible to predict or determine the outcome of these cases, it is management's opinion that the Authority's defenses are meritorious in these cases, and that exposure to loss, if any, cannot be reasonably estimated, or has been deemed immaterial, as of the date of the financial statements. Therefore, no accrual has been made as of December 31, 2010.

In addition, the Authority is currently involved in pending litigation concerning other matters. While it is not feasible to predict or determine the outcome of these cases and it is management's opinion that the Authority's defenses are meritorious, an accrual has been provided for these cases in the amount of approximately \$1,135,000 as of December 31, 2010. The accrual for litigation pending as of December 31, 2009 was approximately \$82,000.

The Authority's grant programs are subject to review by the funding sources. Such reviews could result in amounts that may require repayment upon final settlement. No such reviews are currently underway. The Authority is unable to estimate the amount of repayment, if any, that may be required as a result of potential audits. No material repayments are anticipated by management.

### Commitments

Construction commitments related to the rehabilitation and/or construction of public housing neighborhoods at December 31, 2010 and 2009 amounted to approximately \$7.5 million and \$19 million, respectively. The Authority is also responsible for providing operating subsidy to the owners/managers of approximately 1,086 apartments, which are dedicated for use by

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# **HOUSING AUTHORITY OF THE CITY OF PITTSBURGH**

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residents of the Authority's Conventional Low-Income Public Housing Program. Related operating subsidy payments for the years ended December 31, 2010 and 2009 amounted to approximately \$3.8 million and \$3.4 million, respectively.

### **9. LETTERS OF CREDIT**

The Authority has three irrevocable Letters of Credit for \$200,000 each related to mixed finance properties. These Letters of Credit are per agreements with Riverview Terrace Housing Partnership L.P., Manchester Housing Partnership L.P.1, and Manchester Housing Partnership L.P.2. The amount and balance drawn on these letters of credit as of December 31, 2010 and 2009 were \$0 for both years.

### **10. 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 for fiscal year 2011 but such reductions are not currently expected to have a material adverse impact to the Authority.



## **Supplementary Information**

**Financial Data Schedule –  
Entity-Wide**



Line Item No.	Description	TOTAL LIPH	HOPE VI - Total	MRQP	ROSS Total	903	Section 8 NC	Mod Rehab Total	210	214	MTW - Other Fed Prog	MTW Other Proj	DHAP	Business Activities Total	Clean State ES	14.885 CFP ARRA	14.OPS	14.CFP	14.HCV	Sub-total	Elimination	TOTAL HACP
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-	2,106,334	-	-	-	-	-	-	-	2,106,334	-	2,106,334
312	Accounts payable < 90 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/paid taxes payable	-	-	-	-	-	-	-	-	-	-	387,029	-	-	-	-	-	-	-	387,029	-	387,029
322	Accrued compensation/allowance - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	9,376	-	-	-	-	-	-	-	9,376	-	9,376
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	30,473	-	-	-	-	-	-	-	30,473	-	30,473
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
331-020	Accounts payable - HUD PHA Programs - Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
331-030	Accounts payable - HUD PHA Programs - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
342-010	Deferred revenue - Operating Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
342-020	Deferred revenue - Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
342-030	Deferred revenue - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
342	Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343-010	GRPP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343-020	Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343	Current portion of LTR - capital projects/mortgage revenue bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Inter program - due to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
351-010	Long-term debt - CFP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
351-020	Long-term - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
351	Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absence - Non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
355	Loan liability - Non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
300	Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
408.1	Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
513	Total Equity/Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
600	Total Liabilities and Equity/Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	100	14,856	14,856	100	903	Section 8 Housing Voucher Program	216	214	MTW - Other Fed Prog	210	Business Activities Total	Clean State Gr	14,856	14,OPS	14,CFP	14,HCV	Sub-total	Elimination	TOTAL HACP
70000	Not listed federal revenue	7,563,869																7,563,869		7,563,869
70000	Tenant revenue - other	81,058																81,058		81,058
70000	Total Tenant Revenue	7,644,927																7,644,927		7,644,927
70000-010	Housing assistance payments																			
70000-020	Operating administrative fees earned																			
70000-030	FSS Coordinator																			
70000-040	Actual independent public accountants and own																			
70000-050	Total preliminary fees earned																			
70000-060	Investment fees received																			
70000-070	Advert for calculation depreciation																			
70000-080	311D PMA operating grants																			
70000	Total	7,644,927																7,644,927		7,644,927
70010	Management fee	5,914,810																5,914,810		5,914,810
70010	Asset Management Fee	300,301																300,301		300,301
70010	Bookkeeping Fee	864,882																864,882		864,882
70010	Front Line Services Fee	9,901,717																9,901,717		9,901,717
70010	Other Fee																			
70010	Total Fee Revenue	16,981,708																16,981,708		16,981,708
70010	Other expenses																			
70010	Travel																			
70010	Telephone																			
70010	Postage																			
70010	Printing																			
70010	Supplies																			
70010	Repairs and maintenance																			
70010	Utilities																			
70010	Insurance																			
70010	Professional fees																			
70010	Legal fees																			
70010	Accounting fees																			
70010	Other professional fees																			
70010	Depreciation																			
70010	Amortization																			
70010	Goodwill impairment																			
70010	Intangible assets																			
70010	Other non-current assets																			
70010	Other																			
70010	Total	16,981,708																16,981,708		16,981,708
70010	Other																			
70010	Travel																			
70010	Telephone																			
70010	Postage																			
70010	Printing																			
70010	Supplies																			
70010	Repairs and maintenance																			
70010	Utilities																			
70010	Insurance																			
70010	Professional fees																			
70010	Legal fees																			
70010	Accounting fees																			
70010	Other professional fees																			
70010	Depreciation																			
70010	Amortization																			
70010	Goodwill impairment																			
70010	Intangible assets																			
70010	Other non-current assets																			
70010	Other																			
70010	Total	16,981,708																16,981,708		16,981,708
70010	Other																			
70010	Travel																			
70010	Telephone																			
70010	Postage																			
70010	Printing																			
70010	Supplies																			
70010	Repairs and maintenance																			
70010	Utilities																			
70010	Insurance																			
70010	Professional fees																			
70010	Legal fees																			
70010	Accounting fees																			
70010	Other professional fees																			
70010	Depreciation																			
70010	Amortization																			
70010	Goodwill impairment																			
70010	Intangible assets																			
70010	Other non-current assets																			
70010	Other																			
70010	Total	16,981,708																16,981,708		16,981,708
70010	Other																			
70010	Travel																			
70010	Telephone																			
70010	Postage																			
70010	Printing																			
70010	Supplies																			
70010	Repairs and maintenance																			
70010	Utilities																			
70010	Insurance																			
70010	Professional fees																			
70010	Legal fees																			
70010	Accounting fees																			
70010	Other professional fees																			
70010	Depreciation																			
70010	Amortization																			
70010	Goodwill impairment																			
70010	Intangible assets																			
70010	Other non-current assets																			
70010	Other																			
70010	Total	16,981,708																16,981,708		16,981,708
70010	Other																			
70010	Travel																			
70010	Telephone																			
70010	Postage																			
70010	Printing																			
70010	Supplies																			
70010	Repairs and maintenance																			
70010	Utilities																			
70010	Insurance																			
70010	Professional fees																			
70010	Legal fees																			
70010	Accounting fees																			
70010	Other professional fees																			
70010	Depreciation																			
70010	Amortization																			
70010	Goodwill impairment																			
70010	Intangible assets																			
70010	Other non-current assets																			
70010	Other																			
70010	Total	16,981,708																16,981,708		16,981,708





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



## Public Housing Balance Sheet

[illegible]

## Public Housing Balance Sheet

Line Item No.	Description	AMP 933	AMP 939	AMP 940	AMP 941	AMP 944	AMP 945	AMP 946	AMP 947	AMP 962	AMP 964	AMP 972	AMP 973	AMP 988	AMP 982	AMP 985
111	Current interest	162,640	148,369	234,332	121,483	84,515	68,013	81,821	88,337	20,991	23,179	31,999	47,745	46,832	10,081	39,996
112	Current interest - information and development															
113	Current interest - reduced		61,110	107,603	338	281	7,889	385	132							
114	Current interest - security deposits	6,618	5,344	297	2,816		6,803	4,474	2,702	123						
115	Gain - Surrender for payment of Current liability															
116	Total Cash	169,258	214,823	342,222	124,637	84,908	82,484	86,590	89,175	21,064	23,459	31,999	47,745	46,832	10,081	39,996
121	Accounts receivable - PHA projects															
122-010	Accounts receivable - HUD after projects - Operating Salary															
122-020	Accounts receivable - HUD after projects - Capital fund	42,112	84,471	199,705	41,954	41,939	53,146	38,450	32,346		12,736				1,600	720
122-030	Accounts receivable - HUD after projects - Other															
122-040	Accounts receivable - HUD after projects - Other	42,112	84,433	199,705	41,934	41,934	53,146	38,450	32,346		12,736				1,600	720
124	Accounts receivable - other government															
125-010	Accounts receivable - miscellaneous - Not For Profit															
125-020	Accounts receivable - miscellaneous - Partnership															
125-030	Accounts receivable - miscellaneous - Joint Venture															
125-040	Accounts receivable - miscellaneous - Tax Credit															
125-050	Accounts receivable - miscellaneous - Other															
125	Accounts receivable - miscellaneous															
126	Accounts receivable - miscellaneous															
126.1	Allowance for doubtful accounts - Other	771	48,469	21,897	2,194	2,194	787	1,895	1,370							
126.2	Allowance for doubtful accounts - Other	(121)	(26,927)	(846)	(846)	(846)	(269)	(516)	(522)							
127	Notes, Loans, & Mortgage Receivable - Current															
128	Notes, Loans, & Mortgage Receivable - Other															
128.1	Allowance for doubtful accounts - fraud															
129	Accounts receivable - fraud	202	185	293	151	166	86	102	73	26	29	164	59	58	179	50
129	Total receivables, net of allowance for doubtful accounts	40,070	106,465	199,996	62,980	43,332	53,992	39,732	33,032	27	29	164	59	58	189	779
131	Investments - secured															
132	Investments - restricted		21,312													
133	Investments - restricted for payment of current liability															
142	Prepaid expenses and other assets	1,875	2,493	486	2,618	1,160	1,375	3,276	498							
143	Investments		37,485		2,647	4,248	9,709	1,295	572							
143.1	Allowance for obsolete inventories		(7,865)		(7,467)	(4,248)	(9,709)	(1,295)	(572)							
144	Other program - due from	176,910	51,650	341	119,515	51,705	17,876	99,115	25,289	3,311	3,355	39,935		4,978	452,091	5,617
145	Assets held for sale															
145	Total Current Assets	371,133	396,942	534,119	314,142	185,506	155,032	186,702	128,484	24,564	26,440	34,031	47,804	30,468	557,981	42,387
161	Land	1,846,886	1,017,130	18,546	16,326	26,597	18,493	12,412	18,219	157,844	176,790	554,924	47,460	30,636	3,624	472,412
162	Buildings	1,135,084	4,116,171	2,880,642	2,878,779	4,128,288	4,403,610	5,316,076	2,883,861	117		160,243	274,885			
163	Furniture, equipment and machinery - dwellings															
164	Furniture, equipment and machinery - administration					2,771		14,497	26,708							
165	Leasehold improvements															
166	Accumulated depreciation	(6,997,710)	(2,097,680)	(1,833,992)	(3,853,039)	(2,246,070)	(3,797,409)	(5,216,517)	(2,487,443)	(20,203)			(47,646)			
167	Construction in progress	134,412	880,831	2,309,872	150,018	506,176	284,697	179,651	69,397	2,664						
168	Infrastructure															
169	Total capital assets, net of accumulated depreciation	6,301,232	3,010,846	2,661,152	1,988,074	1,346,121	988,332	1,206,598	501,664	175,534	126,790	694,173	253,299	3,624	4,724,415	420,442
171	Notes, Loans, & mortgage receivable - Noncurrent															
172	Notes, Loans, & mortgage receivable - Noncurrent - paid due															
173	Other receivable - Noncurrent															
174-010	Other assets - Not For Profit															
174-020	Other assets - Partnership															
174-030	Other assets - Joint Venture															
174-040	Other assets - Tax Credit															
174-050	Other assets - Other															
175	Other assets															
176	Investment in joint venture															
176	Total Noncurrent Assets	6,361,232	3,010,846	2,661,152	1,988,074	1,346,121	988,332	1,206,598	501,664	175,534	126,790	694,173	253,299	3,624	4,724,415	420,442
180	Total Assets	6,732,465	3,010,846	2,661,152	1,988,074	1,346,121	988,332	1,206,598	501,664	175,534	126,790	694,173	253,299	3,624	4,724,415	420,442
190	Total Assets	6,732,465	3,010,846	2,661,152	1,988,074	1,346,121	988,332	1,206,598	501,664	175,534	126,790	694,173	253,299	3,624	4,724,415	420,442

Public Housing Balance Sheet

Line Item No.	Description	AMP 986	AMP 987	AMP 992	AMP 993	AMP Other	TOTAL AMPs	COCC	TOTAL PUBLIC HOUSING
111	Cash-restricted	26,679	21,214	1,503,817	4,183	-	8,024,382	1,777,977	9,722,569
117	Cash-restricted-modernization and development	-	-	-	-	-	-	-	-
113	Cash-restricted-modernization	-	-	-	-	3,786,342	4,579,555	-	4,579,555
114	Cash-restricted security deposits	-	-	-	-	-	241,760	-	241,760
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-
100	Total Cash	26,679	21,214	1,503,817	4,183	3,786,342	12,845,897	1,777,977	14,572,924
121	Accounts receivable - PHA period	-	-	-	-	-	-	-	-
122-918	Accounts receivable - HUD other projects - Onwami Saluda	-	-	-	-	-	-	-	-
122-920	Accounts receivable - HUD other projects - Cresta fund	-	-	-	10,000	-	5,709,992	-	5,709,992
122-926	Accounts receivable - HUD other projects - Other	-	-	-	-	-	-	-	-
123	Accounts receivable - HUD other projects	-	-	-	110,000	-	5,709,992	-	5,709,992
124	Accounts receivable - other government	-	-	-	-	-	-	-	-
124-910	Accounts receivable - modernization - Not For Profit	-	-	-	-	-	-	-	-
124-920	Accounts receivable - modernization - Partnership	-	-	-	-	-	-	-	-
124-930	Accounts receivable - modernization - Joint Venture	-	-	-	-	-	-	-	-
124-940	Accounts receivable - modernization - Tax Credit	-	-	-	-	-	-	-	-
124-950	Accounts receivable - modernization - Other	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-
126	Accounts receivable - bonds	-	-	-	-	-	-	-	-
126-1	Allowance for doubtful accounts - current	-	-	-	-	-	-	-	-
126-2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgage Receivable - Current	-	-	-	-	-	-	-	-
128	Trade receivables	-	-	-	-	-	-	-	-
128-1	Allowance for doubtful accounts - Current	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-
130	Total receivables, net of allowance for doubtful accounts	36	65	1,870	110,000	430,172	6,564,558	21,49	6,556,707
131	Investments - restricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-
133	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-	-	-	-
143	Investments	-	-	-	-	-	-	-	-
143-1	Allowance for doubtful investments	-	-	-	-	-	-	-	-
144	Long term program - due from	-	-	-	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-	-	-	-
150	Total Current Assets	32,742	58,472	1,723,108	114,795	431,634	23,903,164	2,553,615	24,856,779
161	Land	520,453	375,970	294,641	282,271	417,464	20,828,861	-	20,828,861
162	Buildings	-	-	-	-	-	-	-	-
163	Furniture, equipment and machinery - buildings	-	-	-	-	-	-	-	-
164	Furniture, equipment and machinery - administration	-	-	-	-	-	-	-	-
165	Leased improvements	-	-	-	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-	-	-	-
167	Contributions in progress	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-
169	Total capital assets, net of accumulated depreciation	520,453	375,970	294,641	282,271	417,464	20,828,861	603,219	21,432,080
171	Notes, Loans, & mortgage receivable - Non-current	-	-	-	-	-	-	-	-
172	Notes, Loans, & mortgage receivable - Non-current - paid due	-	-	-	-	-	-	-	-
173	Grants receivable - Non-current	-	-	-	-	-	-	-	-
174-910	Other assets - Not For Profit	-	-	-	-	-	-	-	-
174-920	Other assets - Partnership	-	-	-	-	-	-	-	-
174-930	Other assets - Joint Venture	-	-	-	-	-	-	-	-
174-940	Other assets - Tax Credit	-	-	-	-	-	-	-	-
174-950	Other assets - Other	-	-	-	-	-	-	-	-
175	Investment in joint venture	-	-	-	-	-	-	-	-
176	Other assets	-	-	-	-	-	-	-	-
180	Total Non-current Assets	520,453	375,970	294,641	282,271	417,464	20,828,861	603,219	21,432,080
190	Total Assets	553,195	437,060	2,017,759	400,066	4,003,798	23,932,025	5,556,834	29,488,719

## Public Housing Balance Sheet

Line Item No.	Description	AMP 901	AMP 902	AMP 904	AMP 905	AMP 907	AMP 909	AMP 911	AMP 912	AMP 914	AMP 915	AMP 917	AMP 920	AMP 922	AMP 929	AMP 931	AMP 932
311	Bank overdraft																
312	Accounts payable < 30 days																
313	Accounts payable > 30 days past due																
321	Accrued unpaid interest - current portion																
322	Accrued compensated absence - current portion	15,312	12,750	4,281	5,974	1,111	8,471		2,650		302	270	2,500	3,989		3,180	2,640
324	Accrued contingency liability	140,896	81,160	21,931	203		213,783						152,190	506		20,889	24,177
325	Accrued interest payable																
331-010	Accounts payable - HUD PIA Programs - Operating Subsidy																
331-020	Accounts payable - HUD PIA Programs - Capital Fund																
331-030	Accounts payable - HUD PIA Programs - Other																
331	Accounts payable - HUD PIA Programs																
332	Accounts payable - PIA Programs																
333	Accounts payable - other government																
341	Trade receivables	44,914	32,010	10,714	70,891	2,908	30,314	1,419	1,860		8,791	19,076	8,014	9,685		4,092	8,387
342-010	Deferred revenue - Operating Subsidy																
342-020	Deferred revenue - Capital Fund																
342-030	Deferred revenue - Other																
342	Deferred revenue																
343-010	OTIF																
343-020	Capital Projects Mortgage Revenue																
343	Current portion of LTD, capital projects/mortgage revenue bonds	34,492	11,647	224,171	13,428		263,169	2,416			14,077	14,333	238,558			33,691	9,601
344	Current portion of LTD, capital projects/mortgage revenue bonds	24,582	1,347	274,173	73,508		765,169	7,436			18,097	14,233	338,508			33,691	9,601
345	Other current liabilities																
346	Accrued liabilities - other	31,277	54,292	17,246	6,795	49,255	410,716	10,270	5,367		4,477	6,497	14,193	14,214		2,150	4,088
347	Interprogram - due to	58,072	70,854	8,744	23,621	185,628	3,519,567	20,371	760,540		77,120	70,701	29,872	344,877		45,214	22,101
348	Loan liability - current																
349	Total Current Liabilities	348,077	284,925	356,492	97,501	347,802	4,944,584	114,869	827,997		114,427	124,901	446,172	403,243		123,460	87,552
351-010	Long-term debt - OTIF																
351-020	Long-term debt - Capital Projects Mortgage Revenue - 2.2925	543,220	179,808	4,306,777	306,440		11,070,071	11,079			204,550	224,993	3,942,336			210,877	158,812
351	Capital Projects Mortgage Revenue Bonds	543,220	179,808	4,306,777	306,440		11,070,071	11,079			204,550	224,993	3,942,336			210,877	158,812
352	Long-term debt - net of current operating liabilities																
353	Noncurrent liabilities - due > 2000	457,952	175,078	29,763	34,557	80,595	471,554	3,602	5,363		33,149	141	128,074	85,679		17,926	92,468
354	Accrued compensated absence - Non-current - 270010	118,863	115,447	51,520	43,457		69,070					9,214	23,600	51,107		26,208	35,997
355	Loan liability - Non-current																
356	FAISIS 3 Liabilities																
357	Accrued Pension and OTIF Liability																
359	Total Non-Current Liabilities	1,220,050	467,233	4,386,061	384,454	80,595	11,570,595	120,401	5,763		307,439	23,434	3,001,409	136,602		564,001	278,877
360	Total Liabilities	1,608,097	752,158	4,742,553	471,955	428,427	16,515,179	235,270	843,560		421,626	359,249	4,247,582	539,845		687,461	366,429
508.1	Invested in capital assets, net of related debt																
511.1	Restricted Net Assets	4,142,411	3,202,205	3,215,935	2,678,348	1,811,693	15,564,338	433,741	10,546		2,643,008	2,632,150	3,473,273	4,378,639		279,317	1,287,290
512	Unrestricted Net Assets	961,290	610,846	304,308	414,372		940,092	704			164,514	234,930	242,302	231,447		121,389	207,690
513	Total Equity/Net Assets	5,103,701	4,092,441	3,520,243	3,092,720	1,811,693	16,504,430	434,445	10,546		3,008,022	2,867,080	3,715,575	4,610,086		390,706	2,015,980
608	Total Liabilities and Equity/Net assets	1,973,148	7,184,899	8,262,796	3,714,675	2,240,251	33,048,509	669,715	854,106		3,403,298	3,060,335	8,164,097	5,147,931		1,068,167	2,331,409

Public Housing Balance Sheet

Line Item No.	Description	AMP 933	AMP 939	AMP 946	AMP 941	AMP 944	AMP 945	AMP 946	AMP 947	AMP 942	AMP 964	AMP 966	AMP 972	AMP 973	AMP 980	AMP 982	AMP 985
311	Bank overdraft																
312	Accounts payable - 20 days																
313	Accounts payable - 30 days																
321	Accrued wage/overhead costs payable																
322	Accrued compensated absence - current portion																
324	Accrued interest payable	1,976	5,438		1,542	2,665	2,031	877									
325	Accrued unemployment liability	74,958	3,919		31,659			9,155	7,219								
331-010	Accounts payable - HUD PIA Programs - Operating Subsidy																
331-020	Accounts payable - HUD PIA Programs - Capital Fund																
331-030	Accounts payable - HUD PIA Programs - Other																
331	Accounts payable - HUD PIA Programs																
332	Accounts payable - PIA Projects																
333	Accounts payable - Other Government																
341	Tenant security deposits	5,618	3,344	297	7,816	4,517	6,031	4,474	2,735	125							
342-010	Deferred revenue - Operating Subsidy																
342-020	Deferred revenue - Capital Fund	6,606	6,133	491	9,786	4,341	6,323	6,033	2,660								
342-030	Deferred revenue - Other	6,606	6,133	491	9,786	4,341	6,323	6,033	2,660								
342	Deferred revenue																
343-010	Capital Projects/ Mortgage Revenue																
343-020	Current portion of LTBs, capital projects/mortgage revenue bonds	11,381	2,270	2,372	2,372	2,372	10,759	6,541	3,206								
343	Current portion of LTBs, capital projects/mortgage revenue bonds	11,381	2,270	2,372	2,372	2,372	10,759	6,541	3,206								
344	Current portion of long-term debt - operating borrowings																
345	Other current liabilities	3,607	2,271	175,499	2,608	5,617	2,310	1,588	1,522	372							
346	Accrued liabilities - other																
347	Long term debt due	42,112	6,6315	226,055	41,394	37,771	53,646	38,850	32,346				12,236	81,833	36,375	24,875	720
348	Long term debt due																
349	Long term debt due																
350	Total Current Liabilities	134,997	188,440	411,614	122,215	57,485	81,081	68,502	45,778	700			12,236	81,833	36,375	24,875	720
351-010	Long-term debt - CFF																
351-020	Long-term debt - Capital Projects/ Mortgage Revenue - 21P52																
351	Capital Projects/ Mortgage Revenue Bonds	172,202	172,202	172,202	172,202	172,202	169,037	107,784	47,527								
352	Long-term debt, net of current, operating borrowings																
353	Non-current liabilities - other - 20P000																
354	Accrued compensated absence - Non-current - 27P010	49,945	82,235		34,923	170		6,103	5,012	2							
355	Long-term debt - Non-current	746	34,572		23,087	33,272	6,024	23,084	2,119								
356	Long-term debt - Non-current																
357	Accrued Pension and OPEB Liability	59,091	121,307		179,886	70,784	175,641	134,251	24,658	2							
358	Accrued Pension and OPEB Liability																
359	Accrued Pension and OPEB Liability																
360	Total Non-Current Liabilities	185,508	236,347	588,816	392,201	138,269	256,722	202,613	184,436	702			19,059	81,833	36,375	24,875	720
508.1	Invested in capital assets, net of related debt																
511.1	Restricted Net Assets	6,361,232	3,910,866	2,472,660	1,263,108	1,445,410	779,566	1,095,271	495,311	120,534	120,700	609,170	221,299	70,656	3,524	4,222,415	420,442
512.1	Unrestricted Net Assets	185,545	168,476	133,806	141,557	96,947	78,676	93,416	66,601	21,862	26,440	33,781	50,240	11,429	53,468	33,106	45,663
513	Total Equity/Net Assets	6,546,777	4,079,342	2,606,466	1,404,665	1,442,357	858,242	1,190,287	561,912	132,396	147,140	642,951	271,539	82,085	57,092	5,255,521	466,105
600	Total Liabilities and Equity/Net Assets	4,732,465	3,199,889	3,195,291	1,797,156	1,579,626	1,864,064	1,391,780	621,549	144,098	147,282	1,041,894	357,372	70,461	57,092	5,255,521	466,105

## Public Housing Balance Sheet

Line Item No.	Description	AMP 786	AMP 987	AMP 992	AMP 993	AMP Other	TOTAL AMPs	COCC	TOTAL PUBLIC HOUSING
311	Bank overdraft								
312	Accounts payable - <= 90 days								
313	Accounts payable - > 90 days past due								
321	Accrued wage/overhead taxes payable						78,727	61,159	137,886
322	Accrued compensated absence - current portion						909,920	199,692	1,109,612
324	Accrued contingency liability								
325	Accrued interest payable								
331-4210	Accounts payable - HUD PMA Programs - Operating Subsidy								
331-4220	Accounts payable - HUD PMA Programs - Capital Fund								
331-4230	Accounts payable - HUD PMA Programs - Other								
331	Accounts payable - HUD PMA Program								
332	Accounts payable - PMA Project								
333	Accounts payable - other government						2,412,610		2,412,610
341	Tenant security deposits								
342-210	Deferred revenue - Operating Subsidy						65,688		65,688
342-220	Deferred revenue - Capital Fund						227,575		227,575
342-230	Deferred revenue - Other						793,643		793,643
347	Deferred revenue								
348-310	CFP								
348-320	Capital Project Mortgage Revenue						1,407,743		1,407,743
349	Current portion of LTDs capital project mortgage revenue bonds						1,407,743		1,407,743
349	Current portion of long-term debt - operating mortgage								
349	Other current liabilities						943,376	71,655	1,015,031
349	Accrued liabilities - other								
347	Four program - due to				110,000	364,713	6,411,799		6,411,799
349	Loan liability - current							229,596	
310	Total Current Liabilities				110,000	364,713	10,296,519		10,406,525
351-410	Long-term debt - CFP								
351-420	Long-term - Capital Project Mortgage Revenue - 212951						22,113,183		22,113,183
351	Capital Project Mortgage Revenue Bonds						22,113,183		22,113,183
352	Long-term debt - net of current operating borrowings								
353	Non-current liabilities - other - 200908						1,926,465		1,926,465
354	Accrued compensated absence - Non-current - 270010						695,566		695,566
355	Loan liability - Non-current								
356	FA533 Liabilities								
357	Accrued Pension and OPEB Liability								
358	Total Non-Current Liabilities						24,739,154	924,166	25,663,320
700	Total Liabilities				110,000	364,713	35,035,673	1,254,642	36,290,315
509.1	Invested in capital assets, net of related debt	570,425	379,586	294,641	783,271	417,464	79,960,897	403,219	80,544,078
511.1	Restricted Net Assets					3,786,342	3,786,342		3,786,342
512.1	Unrestricted Net Assets	32,742	38,472	1,723,108	4,792	62,459	8,622,274	1,697,003	10,119,277
513	Total Equity/Net Assets	553,167	437,860	2,017,249	299,063	4,809,265	86,369,473	2,100,222	88,469,694
600	Total Liabilities and Equity/Net assets	553,167	437,860	2,017,249	409,063	4,623,978	124,394,946	3,354,864	127,749,789



















[illegible]





# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
MROP	14.850 (b)	\$ 154,286
Moving to Work Demonstration Program	14.881	104,715,747
ARRA - Public Housing Capital Fund Stimulus (Formula)	14.885	9,636,741
Resident Opportunity and Supportive Services - Homeownership and Family	14.870	14,073
Section 8 Housing Choice Vouchers	14.871	1,502,997
Section 8 New Construction and Substantial Rehabilitation	14.182	199,388
Passed Through the County of Allegheny, Pennsylvania:		
Community Development Block Grants/Entitlement Grants	14.228	<u>3,049</u>
Total Expenditures of Federal Awards		<u>\$ 116,226,281</u>

See accompanying note to schedule of expenditures of federal awards.

# **HOUSING AUTHORITY OF THE CITY OF PITTSBURGH**

## **NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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

The accompanying schedule of expenditures of federal awards for the year ended December 31, 2010 includes the federal grant activity of the Housing Authority of the City of Pittsburgh and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Housing Authority of the  
City of Pittsburgh**

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

Year Ended December 31, 2010

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

Board of Commissioners  
Housing Authority of the City of Pittsburgh

We have audited the accompanying financial statements of the business-type activity of the Housing Authority of the City of Pittsburgh (Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated September 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Authority in a separate letter dated September 14, 2011.

Board of Commissioners  
Housing Authority of the City of Pittsburgh  
Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters

\* \* \* \* \*

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

*Maheer Duessel*

Pittsburgh, Pennsylvania  
September 14, 2011

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

Board of Commissioners  
Housing Authority of the City of Pittsburgh

Compliance

We have audited the compliance of the Housing Authority of the City of Pittsburgh (Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

As described in item 2010-1 in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding reporting to the PIH Information Center (PIC) that are applicable to its Moving to Work Demonstration Program. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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 programs for the year ended December 31, 2010.

Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance,

Board of Commissioners  
Housing Authority of the City of Pittsburgh  
Independent Auditor's Report on Compliance with Requirements that  
Could Have a Direct and Effect on Each Major Program

but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on the responses.

\* \* \* \* \*

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

*Maher Duessel*

Pittsburgh, Pennsylvania  
September 14, 2011

# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2010

### I. Summary of Audit Results

1. Type of auditor's report issued: Unqualified

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Qualified for 14.881 Moving to Work Demonstration Program; unqualified for 14.885 ARRA - Public Housing Capital Fund Stimulus (Formula)

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

7. Major Programs:

CFDA Number(s)

14.881

14.885

Name of Federal Program or Cluster

Moving to Work Demonstration Program

ARRA - Public Housing Capital Fund Stimulus (Formula)

8. Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

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

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

**No matters were reported.**

III. Findings and questioned costs for federal awards.

**FINDING: 2010-1 – PIC Reporting**

Federal Agency: Department of Housing and Urban Development (HUD)



# HOUSING AUTHORITY OF THE CITY OF PITTSBURGH

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2010

(continued)

Program: Moving to Work Demonstration Program CFDA #14.881

Condition: During our review of 60 Form 50058 submissions to the PIH Information Center (PIC), we noted five submissions which were not completed within the required 60 days.

Criteria: Prior to PIH Notice PIC-2010-25, public housing authorities were required to submit 100% of their HUD Form 50058's into the Public and Indian Housing Information Center (PIC) in a "timely" manner. This notice further defined "timely" to mean no later than 60 calendar days from the effective date of any action recorded on the Form 50058. As such, all submissions of the Form 50058 by the Authority are to be completed within this time frame.

Cause: Although procedures were in place to ensure timely initial submission of the Form 50058 to PIC, adequate procedures were not in place to provide timely follow up on those submissions which were not successfully uploaded to PIC.

Effect: The Authority had five Form 50058's that were not submitted to HUD through the PIC system.

Recommendation: We recommend the Authority implement additional procedures to ensure those Form 50058's submitted are all received and accepted by PIC, and to the extent they are not, that action be taken to resolved any issues, and that this action be documented.

Questioned Costs: None

Views of Responsible Official and Planned Corrective Action: The Authority accepts the audit finding pertaining to PIC submissions. See separately issued corrective action plan for the Authority's detailed response to this finding.

# **HOUSING AUTHORITY OF THE CITY OF PITTSBURGH**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2010**

**There were no prior year findings or questioned costs.**