

MIDDLEBOROUGH HOUSING AUTHORITY

Middleborough, Massachusetts

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

WITH INDEPENDENT AUDITOR'S REPORT

TABLE OF CONTENTS

	<u>Page</u>
Management discussion and analysis	
Independent auditor's report	1-2
Basic financial statements	
Statement of net position	3-4
Statements of revenues, expenses and changes in net position	5
Statement of cash flows	6
Notes to basic financial statements	7-17
<u>Supplemental data:</u>	
Basic Financial statements	
Combining statement of net position	18-19
Combining statement of revenues, expenses and changes in net position	20
Schedule of expenditures of federal awards	21
Report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards	22-23
Report on compliance for each major federal program and report on internal control over compliance in accordance with the uniform guidance	24-25
Report on compliance with requirements applicable to each state program and internal control over compliance	26-27
Schedule of findings and questioned costs	28-29
Summary schedule of prior audit findings	30
Schedule of adjusting journal entries	31
Financial data schedule	32-37

Middleborough Housing Authority

Management's Discussion and Analysis

December 31, 2016

As management of Middleborough Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,111,821 (net position).
- The net position of the Authority consisted invested in capital assets of \$2,992,476, restricted net position of \$66,453 and unrestricted net position of (\$947,108).
- The Authority's cash and cash equivalents at December 31, 2016 were \$1,211,633, representing an increase of \$150,682 from December 31, 2015.
- The Authority had intergovernmental revenues of \$1,828,511 program revenues (charges for services) and other revenues of \$895,562, and program expenses (exclusive of depreciation expense) of \$2,468,756 for the year ended December 31, 2016. The Authority had depreciation expense of \$248,455.
- The Authority's capital outlays for the year were \$225,479.

OVERVIEW OF THE MIDDLEBOROUGH HOUSING AUTHORITY

Middleborough Housing Authority was created in 1948 to provide and promote safe and sanitary housing for low-income persons residing in Middleborough, Massachusetts. The Authority is a municipal corporation located in Middleborough, Massachusetts and was established under Chapter 121B of the State Statutes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Middleborough Housing Authority's financial statements consist of two parts - 1) management's discussion and analysis, which is intended to serve as an introduction to the Authority's basic financial statements, and 2) the Authority's basic financial statements, which are comprised of two components - A) fund financial statements, and B) notes to the financial statements. This report also contains the schedule of expenditures of federal awards as supplementary information in addition to the basic financial statements themselves.

The Authority is considered by accounting principles generally accepted in the United States of America (GAAP) to be a special purpose government accounted for as enterprise funds. Its chartered purpose is the housing of low and moderate income families and elderly individuals. All of the activities, programs, and grants administered by the Authority are focused for that purpose.

As a single purpose enterprise fund government, the Authority is permitted to issue combined entity level and fund level financial statements. These statements report financial information for each of the Authority's funds and a combined total of all funds that represents the Authority wide financial position. The following is a brief description of each financial statement.

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

Statement of Net Position

- The statement of net position is prepared using the accrual basis of accounting and provides information relating to all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. This statement is presented in a format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (those which are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business), and "Non-current."
- Net position represents the cumulative effect of revenue and expenses. It is also the difference between assets and liabilities. Net position is reported in three broad categories:

Unrestricted Net Position is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority

Net Assets Invested in Capital Assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

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

Statement of Revenues, Expenses and Changes in Fund Net Position

- This statement is similar to an income statement. This statement includes operating revenues, such as rental income, and operating expenses, such as administrative, utilities, maintenance and depreciation. It also includes non-operating revenues and expenses, such as grant revenue, investment income and interest expense and capital contributions and operating transfers.
- The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position," which is similar to net income or loss.

Statement of Cash Flows

This statement of cash flows shows the sources and amounts from which the Authority received cash, such as income from tenants, income from grants, and loans, and the uses and amounts for which cash was disbursed, such as payments to vendors and contractors, payments to employees, and repayment of loans. The statement is divided into four major sections: operating activities, non-capital financing activities, capital and related financing activities and investing activities. The total of these four sections reflects the net increase or decrease in the Authority's cash accounts for the reporting period.

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

THE AUTHORITY'S FUND

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Business Type Funds – The Authority maintains a business type fund also called enterprise fund. The programs supporting this fund are as follows:

Section 8 Housing Choice Voucher Program – The U.S. Department of Housing and Urban Development (HUD) provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenants' share of the rent not to exceed a predetermined payment standard.

Section 8 New Construction – The Authority has entered into a long-term contract to rent dwelling units to low income individuals or families and receives project based Section 8 rental assistance to subsidize the operation of the building. Under the contract the Authority receives subsidy equal to the difference between an approved contract rent and the tenants' share of the rent determined under HUD Section 8 regulations.

State and Local Programs – The Authority operates the following state and local programs:

- State Consolidated Housing and State Chapter 705 Housing – Under these programs the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Department of Housing & Community Development (DHCD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by the DHCD via operating grants.
- State Chapter 689 Housing – Under this program the Authority owns, operates and maintains rental housing acquired with grants from DHCD. The building is generally rented to a non-profit corporation who provides health and human resource needs to mentally disabled individuals.
- State Chapter 707 Housing - DHCD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenants' share of the rent not to exceed a contract amount.
- State Modernization Program – DHCD provides grant funds to authorities with State Consolidated units based on the Authority's application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.
- Local Program – Under this program the Authority owns and operates non federal or state housing for local low income tenants. The Authority receives some other government grants from several different sources to help fund this local program.

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

OVERVIEW OF THE AUTHORITY-WIDE FINANCIAL POSITION AND OPERATIONS

The Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

The Authority's total assets December 31, 2016 were \$4,575,177; an increase of \$144,722 as compared to the amount for December 31, 2015.

The Authority's overall financial position and results of operations are presented at the end of this report:

CAPITAL ASSETS

As of December 31, 2016, the Authority's invested in capital assets, net of related debt were \$2,992,476 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, equipment, and computer software.

Major capital asset purchases during the current fiscal year include the following:

- Capital expenditures of \$225,479 were made for the improvement of the Authority's state rental units.

LONG-TERM DEBT

As of year-end, the Authority had \$207,863 in debt (bonds) outstanding. During 2016 the current portion of \$83,898 was paid.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

The following factors were considered in preparing the Authority's budget for the 2017 fiscal year:

- The State Department of Housing & Community Development (DHCD) is allowing an increase of 3% in the Authority's non-utility expenses from 2016 to 2017.
- Administrative Fee Subsidies for the Federal Housing Choice Voucher Program are expected to be underfunded significantly because HUD is in the process of changing this program. Until HUD settles on an administrative fee format that will be consistently applied each year, the Authority will have difficulty budgeting for and administering this program
- Increased costs of Employer Health Insurance, Employer Retirement Contributions, Workers Compensation, Utilities and Fire and Liability Insurance, continue to rise at unprecedented rates.

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE AUTHORITY

Underfunding during the next fiscal year by both the U.S. Department of Housing and Urban Development (HUD) and the Massachusetts State Department of Housing and Community Development (DHCD) along with sharp cost increases in employer paid medical insurance and retirement contributions will have an impact on the Middleborough Housing Authority in the future.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Middleborough Housing Authority, 8 Benton Street, Middleborough, Massachusetts 02346.

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

Middleborough Housing Authority
 Statements of Net Position
 December 31, 2016 and 2015

	2016	2015	Increase (Decrease)	Percent Change
Current Assets	\$ 1,271,844	\$ 1,169,140	\$ 102,704	8.78%
Capital Assets, Net of Depreciation	<u>3,200,339</u>	<u>3,223,317</u>	<u>(22,978)</u>	-0.71%
Total Assets	<u>4,472,183</u>	<u>4,392,457</u>	<u>79,726</u>	1.82%
Deferred Outflows of Resources	<u>102,994</u>	<u>37,998</u>	<u>64,996</u>	
Current Liabilities	322,084	238,238	83,846	35.19%
Non-Current Liabilities	<u>2,125,544</u>	<u>2,087,258</u>	<u>38,286</u>	1.83%
Total Liabilities	<u>2,447,628</u>	<u>2,325,496</u>	<u>122,132</u>	5.25%
Deferred Inflow of Resources	<u>15,728</u>	<u>-</u>	<u>15,728</u>	0.00%
Invested in Capital Assets, Net of Debt	2,992,476	2,931,556	60,920	2.08%
Restricted	66,453	49,025	17,428	35.55%
Unrestricted (Deficit)	<u>(947,108)</u>	<u>(875,622)</u>	<u>(71,486)</u>	8.16%
Total Net Position	<u>\$ 2,111,821</u>	<u>\$ 2,104,959</u>	<u>\$ 6,862</u>	0.33%

Narrative of Material Changes on the Statement of Net Position

Current Liabilities increased by approximately \$84,000 due to an increase in unearned revenue. The Authority received fiscal year 2017 Housing Choice Voucher subsidies in 2016.

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

Middleborough Housing Authority
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Years Ended December 31, 2016 and 2015

	2016	2015	Increase (Decrease)	Percentage Change
Revenues				
HUD Operating Subsidies	\$ 1,442,657	\$ 1,358,727	\$ 83,930	6.18%
Tenant Revenue – Rents and Other	861,108	863,468	(2,360)	-0.27%
Other Government Grants	385,854	684,133	(298,279)	-43.60%
Other Revenues	29,024	34,170	(5,146)	-15.06%
Investment Income	5,430	2,191	3,239	147.83%
Total Revenue	<u>2,724,073</u>	<u>2,942,689</u>	<u>(218,616)</u>	-7.43%
Expenses				
Housing Assistance Payments	1,087,347	1,006,600	80,747	8.02%
Maintenance	562,257	546,226	16,031	2.93%
Administrative	434,830	461,365	(26,535)	-5.75%
Utilities	312,392	289,768	22,624	7.81%
Depreciation	248,455	257,143	(8,688)	-3.38%
Insurance Expenses	37,717	36,876	841	2.28%
General Expenses	24,510	21,614	2,896	13.40%
Interest Expense	9,102	12,057	(2,955)	-24.51%
Tenant Services	601	332	269	81.02%
Total Expenses	<u>2,717,211</u>	<u>2,631,981</u>	<u>85,230</u>	3.24%
Change in Net Position	<u>\$ 6,862</u>	<u>\$ 310,708</u>	<u>\$ (303,846)</u>	-97.79%
Net Position, Beginning of Year	2,104,959	2,570,622	(465,663)	-18.11%
Prior Period Adjustment	-	(776,371)	776,371	
Adjusted Net Position, Beginning of Year	<u>2,104,959</u>	<u>1,794,251</u>	<u>310,708</u>	17.32%
Net Position, End of Year	<u>\$ 2,111,821</u>	<u>\$ 2,104,959</u>	<u>\$ 6,862</u>	0.33%
This statement excludes HAP Port In Revenue and Expenses of			FY 2016	<u>\$ 30,525</u>
			FY 2015	<u>\$ 34,609</u>

Middleborough Housing Authority

Management's Discussion and Analysis - continued

December 31, 2016

Narrative of Material Changes on the Statement of Revenues, Expenses, and Change in Fund Net Position

The Authority's Other Government grants decreased by approximately \$298,000 due to a decrease in modernization work performed during the year.

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Middleborough Housing Authority
Middleborough, Massachusetts

I have audited the accompanying financial statements of the Middleborough Housing Authority, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Middleborough Housing Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Middleborough Housing Authority, as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with Government Auditing Standards, I have also issued my report dated June 2, 2017, on my consideration of Middleborough Housing Authority's internal control over financial reporting and my 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 my 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 my audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with evidence sufficient to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Middleboro Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as the Financial Data Schedule, Combining statement of net position, and the Combining statement of revenues, expenses and changes in net position. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


John H. Ross
Nashua, New Hampshire
June 2, 2017

Middleborough Housing Authority
Statement of Net Position
December 31, 2016

Assets	
Current assets:	
Cash:	
Cash - unrestricted	\$ 1,145,180
Cash - restricted	66,453
Total cash	<u>1,211,633</u>
Receivables:	
Accounts receivable - fraud	34,616
Accounts receivable - other governments	31,733
Accounts receivable - tenants dwelling rents	19,314
Allowance for doubtful accounts - tenants dwelling rents	(14,409)
Allowance for doubtful accounts - fraud	(34,616)
Total receivables	<u>36,638</u>
Prepaid expenses	<u>23,573</u>
Total current assets	<u>1,271,844</u>
Property, plant and equipment	
Building	8,670,189
Construction in progress	209,073
Furniture, equipment & machinery	129,758
Land	105,951
Less - accumulated depreciation	(5,914,632)
Property, plant and equipment, net	<u>3,200,339</u>
Deferred outflows of resources	<u>102,994</u>
Total assets	<u>\$ 4,575,177</u>

See auditor's report and notes to financial statements.

Middleborough Housing Authority
Statement of Net Position
December 31, 2016

Liabilities and net position

Current liabilities:

Unearned revenue	\$ 109,772
Current portion of long term debt	86,959
Accrued liabilities - other	40,467
Accounts payable - other governments	37,222
Accrued liabilities - wages/payroll taxes	20,774
Accounts payable	15,142
Accrued compensated absences	10,280
Accounts payable - HUD PHA programs	1,201
Accounts payable - PHA projects	267

Total current liabilities: 322,084

Non-current liabilities:

Accrued pension and OPEB liabilities	1,944,668
Long term debt-net of current portion	120,904
Accrued compensated absences	59,973

Total non-current liabilities 2,125,545

Total liabilities 2,447,629

Deferred inflows of resources 15,728

Net position

Invested in capital assets, net of related debt	2,992,476
Restricted net position	66,453
Unrestricted net position	(947,109)

Total net position 2,111,820

Total liabilities and net position \$ 4,575,177

Middleborough Housing Authority
Statement of Revenues, Expenses and
Changes in Net Position
For The Year Ended December 31, 2016

Operating income:	
HUD/PHA contributions	\$ 1,442,657
Rental income	861,108
Other government grants	385,854
Other income	53,255
Fraud recovery	6,294
Total operating income	<u>2,749,168</u>
Operating expenses:	
Housing assistance payments	1,087,347
Maintenance	461,209
Administration	434,831
Utilities	312,392
Depreciation expense	248,455
Extraordinary maintenance	101,048
Insurance	37,717
HAP Portability-In	30,525
General	24,510
Tenant services	601
Total operating expenses	<u>2,738,635</u>
Operating income	<u>10,533</u>
Non-operating revenues (expenses):	
Interest - unrestricted	5,430
Interest expense	(9,102)
Total non-operating revenue - net	<u>(3,672)</u>
Change in net position	6,861
Net position, beginning	<u>2,104,959</u>
Net position, ending	<u>\$ 2,111,820</u>

See auditor's report and notes to financial statements.

Middleborough Housing Authority
Statement of Cash Flows
For The Year Ended December 31, 2016

Cash flows from operating activities	
Operating grants from HUD & other governments	\$ 1,900,471
Receipts from tenants	865,981
Other operating receipts	22,730
Payments to employees	(591,804)
Payments to vendors	(650,651)
Payments to landlords	(1,082,997)
Net cash provided by operating activities	<u>463,730</u>
Cash flows from capital and related financing activities:	
Interest expense	(9,102)
Payments on long term debt	(83,898)
Purchase of property, plant and equipment	(225,478)
Net cash used by capital and related financing activities	<u>(318,478)</u>
Cash flows from investing activities:	
Interest received	5,430
Net cash provided by investing activities	<u>5,430</u>
Net increase in cash	150,682
Cash, beginning of year	<u>1,060,951</u>
Cash, end of year	<u>\$ 1,211,633</u>
Reconciliation of operating income to net cash provided by operations:	
Operating income	\$ 10,533
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	248,455
Changes in:	
Accounts payable and accrued expenses	117,022
Unearned revenue	104,738
Accounts receivable	4,026
Prepaid expenses and other assets	(21,044)
Cash flows provided by operating activities	<u>\$ 463,730</u>

See auditor's report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Middleborough Housing Authority is authorized by and operates under the provisions of Chapter 121B of the Massachusetts General Laws, as amended, which is known as the Housing and Urban Renewal Law. The Middleborough Housing Authority is governed by a five-member Board of Commissioners as follows:

Arlene Dickens, Chairperson
Thomas White, Vice Chairperson & State Appointee
Buddy Chilcot, Treasurer
Nancy Thomas, Member
Veronica Haywood, Member

The Executive Director, Josephine Ruthwicz, was responsible for the daily administration of the Authority in fiscal year 2016. Middleborough Housing Authority currently administers the following housing programs:

Federal Section 8 Rental Voucher Program	154 units
State-Aided Housing Program 400-1	118 units
State-Aided Housing Program 667-3	64 units
State-Aided Housing Program Special Needs 689	8 units
Massachusetts Rental Voucher Program	6 units
State-Aided Modernization Program	

GASB statement 14 establishes the criteria for examining the governmental reporting entity and its component units that should be included within the reporting entry. Under the provisions of that statement, the housing authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate and is fiscally independent of other state and local government entities. Independent means that the housing authority may, without approval of another government entity, determine and modify its own budget, levy its own charges and issue bonded debt. The Authority is not a component unit of any other entity.

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 of the Government Accounting Standards Board, Financial Reporting Entity.

Financial Accountability – The Authority is responsible for its own debts, does not impose a financial burden on any other agency and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority – The Authority is governed by a Board of Commissioners Council. The Board of Commissioners has decision making authority and the power to designate management. The Authority's Board elects its own chairperson.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Imposition of Will – The Town has no influence over management, budget, or policies of the Authority. The Authority’s Board of Commissioners has the responsibility to significantly influence the Authority’s operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interests in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other government, and there are no other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the Town of Middleborough’s financial reports therefore, the Authority reports independently

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-wide and fund financial statements

The Authority’s financial statements are reported in accordance with GASB Statement 34 and GASB Statement 63. Under these statements the basic financial statements are to be prepared using the economic resources measurement focus and the accrual basis of accounting and require the presentation of a Statement of Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. GASB 34 requires the Authority to include Management Discussion and Analysis as part of the required supplementary information. GASB 63 requires the Authority to report deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The Authority’s primary source of non-exchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement 33. Grants received in advance of expenditures are recorded as a liability until earned.

In accordance with GASB Statement 20, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and ARB’s issued on or before November 30, 1989, unless those pronouncements conflict with or contradicts guidance of the Governmental Accounting Standards Board.

During 2015, the Authority adopted GASB 68, Accounting and Financial Reporting for Pensions. GASB 68 establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements.

The requirements of GASB 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts that meet certain criteria and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. The requirements apply whether the government’s financial statements are presented in stand-alone financial reports or are included in the financial reports of another government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined pension plans, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employer service. Note disclosure and required supplementary information requirements about pensions are also addressed.

GASB 68 replaces the requirements of GASB 27, Accounting for Pensions by State and Local Governmental Employers, and GASB 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of GASB 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Also during 2015, the Authority adopted GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB 68. GASB 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, GASB 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, GASB 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events. At transition to GASB 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of GASB 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

CASH AND INVESTMENTS

Cash

The Authority's cash is considered to be cash on hand and demand deposits.

Investments

The Authority may invest, as directed by policies established by the Authority's board of directors, as directed by the U.S. Department of Housing and Urban Development, in interest-bearing deposit accounts, certificates of deposit, U. S. Government obligations, or obligations that are secured by the U. S. Government, equity investments, and commercial paper rated AI /PI or higher by Moody's and Standard and Poors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLES

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. Tenant balances are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non tenant receivables are reviewed annually during financial statement preparation.

PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

COMPENSATED ABSENCES

The Authority allows employees to accumulate vacation and sick leave at varying rates depending upon years of service. Upon termination, all accumulated vacation leave will be paid to the employee. All accumulated maximum vacation leave is accrued when incurred in the financial statements.

Employees are paid by prescribed formula for absence due to sickness and vacation. The amount of outstanding accumulated obligation related to such compensated absences is \$70,253 at December 31, 2016 of which \$10,280 is classified as current and \$59,973 as long term.

CAPITAL ASSETS

Capital assets which include, property, plant, and equipment are reported in the government-wide financial statements. The Authority defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized and projects under construction are reported as construction in progress.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15-20
Furniture & Equipment	5-7
Vehicles	5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Authority is a governmental entity, which is subsidized by the federal government. The Authority is not subject to federal or state income taxes, nor is it required to file federal and state income tax returns.

USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

OPERATING REVENUE AND EXPENSES

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraph 17 and 18 for cash flows to determine operating revenues and expenses. Operating revenue includes rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing.

BUDGETS

Formal budgetary integration is not employed because effective budgetary control is alternatively achieved through the award agreements. Accordingly, a statement of revenues, expenditures and changes in fund balance comparing budget and actual amounts is not presented in the accompanying financial statements or as required supplementary information.

ADJUSTING JOURNAL ENTRIES

The audited balances in the financial statements include the adjusting journal entries rendered at December 31, 2016.

NOTE 2 - CASH

At year end, the Authority's carrying amount of deposits was \$1,211,633 and the bank balance was \$1,310,487. Of the bank balance, \$801,481 was covered by federal depository insurance or collateral held by the Authority's agent or in the Authority's name. The remaining balance was collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

The following table, which represents the types of investments made during the period, but not necessarily owned as of the end of the period, presents the carrying amount and fair value of investments by type and categorizes the carrying amounts as follows: Category 1 are those which are insured or registered, or held by the Authority or its agent in the Authority's name. Category 2 are those which are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart, or by its trust department or agent but no in the Authority's name.

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
Government securities, bank CD's and other interest-bearing accounts	\$801,481	\$509,006	\$ -	\$1,310,487	\$1,310,487
	<u>\$801,481</u>	<u>\$509,006</u>	<u>\$ -</u>	<u>\$1,310,487</u>	<u>\$1,310,487</u>

NOTE 3 - INTERNAL BALANCES

This amount results primarily from inter-program transactions. The Authority uses a central account known as a revolving account to make vendor payments. All of the individual programs have advanced this account a sum of money to establish the account. The individual programs reimburse the revolving account monthly in arrears for their share or the expenditures of the revolving account.

NOTE 4 - ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE - HUD

The accounts payable - HUD shown in the statement of net position as of December 31, 2016 is for overpayments from the Section 8 program.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated</u>				
Land	\$ 105,951	\$ -	\$ -	\$ 105,951
Construction in progress	809,218	225,478	(825,623)	209,073
Total assets not being depreciated	<u>915,169</u>	<u>225,478</u>	<u>(825,623)</u>	<u>315,024</u>
<u>Other Capital assets</u>				
Buildings	7,844,566	825,623	-	8,670,189
Furniture, equipment & machinery	129,758	-	-	129,758
	-	-	-	-
Total other capital assets	<u>7,974,324</u>	<u>825,623</u>	<u>-</u>	<u>8,799,947</u>
Less accumulated depreciation	(5,666,177)	(248,455)	-	(5,914,632)
Capital assets, net	\$ <u>3,223,316</u>	\$ <u>802,646</u>	\$ <u>(825,623)</u>	\$ <u>3,200,339</u>

Depreciation expense for the year ended December 31, 2016 was \$248,455 and was charged to operations, in the statement of revenues, expenses and changes in net position.

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2016:
 3.7% mortgage payable to Department of Housing and Community
 Development, payable in monthly installments of principal and interest of \$7,750
 through April, 2019.

	\$207,863
Less: current portion	<u>(86,959)</u>
	<u>\$120,904</u>

At December 31, 2016 long-term debt matures as follows:

2017	\$ 86,959
2018	90,133
2019	30,771
Total	<u>\$ 207,863</u>

Interest expense was \$9,102.

NOTE 7 – OTHER NON - CURRENT LIABILITIES

At December 31, 2016, there were the following non-current liabilities reported in the statement of net position:

	Balance at 12/31/15	change	Balance 12/31/2016
Accrued pension and OPEB liabilities	\$ 1,816,716	\$ 127,952	\$ 1,944,668
Accrued compensated absences	62,679	(2,706)	59,973
Total	<u>\$ 1,879,395</u>	<u>\$ 125,246</u>	<u>\$ 2,004,641</u>

NOTE 8 – CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

NOTE 9 - ECONOMIC DEPENDENCY

For the year ended December 31, 2016, the Authority's revenues were primarily received from federal awards, which are subject to availability of funds and the Authority's compliance with federal rules and regulations. A significant portion was also received from state awards and tenant rents.

NOTE 10 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - RETIREMENT PLANS

Employee Retirement Systems and Plans

The Middleborough Housing Authority provides pension benefits for its employees through the Plymouth County Retirement System. The Middleborough Housing Authority's assessment for the fiscal years commencing July 1, 2015 and July 1, 2016 was \$89,092 and \$104,557 respectively. The Middleborough Housing Authority made the required payments. The Authority's annual share of the retirement plan contribution is recognized as an expense in the fiscal year the contribution is earned.

NOTE 11 - RETIREMENT PLANS CONTINUED

The Authority provides pension benefits to certain employees through the PCRS, a cost-sharing multiple- employer public employee retirement system regulated by PERAC. The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. The PCRS issues a publicly available financial report that includes financial statements and required supplementary information.

State law establishes benefit provisions and contribution requirements of the PCRS. Employees who have at least 10 years of longevity and have attained 55 years of age are eligible to receive retirement benefits. Retired employees receive an allowance based upon the average of their three highest consecutive salary years of service multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 65, this percentage is 2.5%, which is reduced for individuals who retire prior to age 65 to reflect the longer payout period. Employees may elect early retirement after 20 years of service or any time after attaining age 55 with 10 years of eligible service. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of creditable service, and whether or not the disability is work-related. In addition certain death benefits exist for beneficiaries of employees who die in active service.

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost of living adjustments (COLAs) granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 2% to the total.

Pension Liabilities, Pension Expense and Deferred Inflows and Outflows of Resources

At December 31, 2016, the Authority reported a liability of \$993,391 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long- term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the Authority's proportion was .1566%.

At December 31, 2016, the Authority reported deferred outflows of resources related to pensions of \$102,994 and deferred inflows of resources related to pensions of \$15,728.

NOTE 11 - RETIREMENT PLANS CONTINUED)

Methods & Assumptions

Valuation date	1/1/2016
Measurement date	12/31/2015
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar, closed
Investment rate of return	7.75%
Discount rate	7.75%
Salary increases	3.5%
Inflation	3%
Mortality rates	Based on the RP-2000 Combined Mortality Tables, with adjustments for improvements based on Scale AA.

NOTE 12 – POSTRETIREMENT BENEFITS

GASB 45 requires governments to disclose the following concerning postretirement benefits other than pensions.

The Middleborough Housing Authority uses the alternative measurement method to measure and disclose their retiree healthcare liabilities. The alternative method is not a full actuarial valuation in that it simplifies certain actuarial assumptions. The method incorporates the same broad measurement steps as an actuarial valuation, projecting future cash outlays for benefits, discounting projected benefits to present value, an allocating the present value of benefits to periods using an actuarial cost method.

Annual OPEB cost and net OPEB obligation	1/1/2016 - 12/31/2016
Annual required contribution	\$ 87,342
Interest & adjustments to ARC	3,824
Annual OPEB cost	<u>91,166</u>
Contribution made	<u>43,594</u>
Increase in net OPEB obligation	47,572
Net OPEB obligation-beginning of year	903,705
Net OPEB obligation-end of year	<u>\$ 951,277</u>

	Annual OPEB cost	% OPEB cost contributed	Net OPEB
12/31/2009	\$187,479	15.80	\$157,804
12/31/2010	187,479	16.60	156,287
12/31/2011	187,479	19.25	151,391
12/31/2012	187,479	19.30	151,282
12/31/2013	156,011	23.70	119,091
12/31/2014	156,011	24.20	118,250
12/31/2015	88,168	43.74	49,600
12/31/2016	91,166	47.20	47,572

NOTE 12 – POSTRETIREMENT BENEFITS (CONTINUED)

Funded status and funding progress			
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded AAL
4/1/2009	0	\$ 1,678,901	\$ 1,678,901
7/1/2012	0	1,832,838	1,832,838
7/1/2015	0	1,523,411	1,523,411

Methods and assumptions

Interest rate	4%
2016 Medical trend rate	5%
Ultimate medical trend rate	5%
Year ultimate medical trend rate reached	2015
Actuarial cost method	Projected Unit Credit
Amortization period	20
General inflation rate	3.5%
Annual payroll increase	4.5%

NOTE 13 – RELATED PARTY TRANSACTIONS

As of December 31, 2016, there were no related party transactions.

NOTE 14 – SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 2, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

CONCLUDED.

Middleborough Housing Authority
 Combining Statement of Net Position
 December 31, 2016

	Annual Contributions	State & Local Programs	State-Aided Housing Modernization	Revolving Fund	Eliminations	Total
	Contract Section 8 Voucher					
Assets						
Current assets:						
Cash:						
Cash - unrestricted	\$ 232,128	\$ 515,141	\$ -	\$ 397,911	\$ -	\$ 1,145,180
Cash - restricted	20,777	45,676	-	-	-	66,453
Total cash	<u>252,905</u>	<u>560,817</u>	<u>-</u>	<u>397,911</u>	<u>-</u>	<u>1,211,633</u>
Receivables:						
Accounts receivable - fraud	34,616	-	-	-	-	34,616
Accounts receivable - other governments	-	30,375	1,358	-	-	31,733
Accounts receivable - tenants dwelling rents	-	19,314	-	-	-	19,314
Allowance for doubtful accounts - tenant dwelling rents	-	(14,409)	-	-	-	(14,409)
Allowance for doubtful accounts - fraud	(34,616)	-	-	-	-	(34,616)
Total receivables	<u>-</u>	<u>35,280</u>	<u>1,358</u>	<u>-</u>	<u>-</u>	<u>36,638</u>
Prepaid expenses	1,186	22,387	-	-	-	23,573
Interprogram - due from	-	406,236	9,832	-	(416,068)	-
Total current assets	<u>254,091</u>	<u>1,024,720</u>	<u>11,190</u>	<u>397,911</u>	<u>(416,068)</u>	<u>1,271,844</u>
Property, plant and equipment						
Building	-	8,670,189	-	-	-	8,670,189
Construction in progress	-	-	209,073	-	-	209,073
Furniture, equipment & machinery	4,068	125,690	-	-	-	129,758
Land	-	105,951	-	-	-	105,951
Less - accumulated depreciation	(4,068)	(5,910,564)	-	-	-	(5,914,632)
Property, plant and equipment, net	<u>-</u>	<u>2,991,266</u>	<u>209,073</u>	<u>-</u>	<u>-</u>	<u>3,200,339</u>
Deferred outflows of resources	17,591	85,403	-	-	-	102,994
Total assets	<u>\$ 271,682</u>	<u>\$ 4,101,389</u>	<u>\$ 220,263</u>	<u>\$ 397,911</u>	<u>\$ (416,068)</u>	<u>\$ 4,575,177</u>

See auditor's report and notes to financial statements.

Middleborough Housing Authority
 Combining Statement of Net Position
 December 31, 2016

	Annual Contributions Contract Section 8 Voucher	State & Local Programs	State-Aided Housing Modernization	Revolving Fund	Eliminations	Total
Liabilities and net position:						
Current liabilities:						
Unearned revenue	\$ 104,858	\$ 4,914	\$ -	\$ -	\$ -	\$ 109,772
Current portion of long term debt	-	86,959	-	-	-	86,959
Accrued liabilities - other	-	40,467	-	-	-	40,467
Accounts payable - other governments	-	37,222	-	-	-	37,222
Accrued liabilities - wages/payroll taxes	-	-	-	20,774	-	20,774
Accounts payable	-	3,952	11,190	-	-	15,142
Accrued compensated absences	2,130	8,150	-	-	-	10,280
Accounts payable - HUD PHA programs	1,201	-	-	-	-	1,201
Accounts payable - PHA projects	267	-	-	-	-	267
Interprogram - due To	38,931	-	-	377,137	(416,068)	-
Total current liabilities	147,387	181,664	11,190	397,911	(416,068)	322,084
Non-current liabilities:						
Accrued pension and OPEB liabilities	389,662	1,555,006	-	-	-	1,944,668
Long term debt-net of current portion	-	120,904	-	-	-	120,904
Accrued compensated absences	6,910	53,063	-	-	-	59,973
Total non-current liabilities	396,572	1,728,973	-	-	-	2,125,545
Total liabilities	543,959	1,910,637	11,190	397,911	(416,068)	2,447,629
Deferred inflows of resources	2,686	13,042	-	-	-	15,728
Net position						
Invested in capital assets, net of related debt	-	2,783,403	209,073	-	-	2,992,476
Restricted net position	20,777	45,676	-	-	-	66,453
Unrestricted net position	(295,740)	(651,369)	-	-	-	(947,109)
Total net position	(274,963)	2,177,710	209,073	-	-	2,111,820
Total liabilities and net position	\$ 271,682	\$ 4,101,389	\$ 220,263	\$ 397,911	\$ (416,068)	\$ 4,575,177

See auditor's report and notes to financial statements.

Middleborough Housing Authority
 Combining Statement of Revenues, Expenses and
 Changes in Net Position
 For The Year Ended December 31, 2016

	Annual Contributions Contract Section 8 Voucher	State & Local Programs	State-Aided Housing Modernization	Total
Operating income:				
HUD/PHA contributions	\$ 1,204,470	\$ 238,187	\$ -	\$ 1,442,657
Rental income	-	861,108	-	861,108
Other government grants	-	163,984	221,870	385,854
Other income	31,939	21,316	-	53,255
Fraud recovery	6,294	-	-	6,294
Total operating income	<u>1,242,703</u>	<u>1,284,595</u>	<u>221,870</u>	<u>2,749,168</u>
Operating expenses:				
Housing assistance payments	1,039,508	47,839	-	1,087,347
Maintenance	-	460,073	1,136	461,209
Administration	154,319	279,940	572	434,831
Utilities	-	312,392	-	312,392
Depreciation expense	-	248,455	-	248,455
Extraordinary maintenance	-	101,048	-	101,048
Insurance	2,739	34,978	-	37,717
HAP Portability-In	30,525	-	-	30,525
General	123	20,185	4,202	24,510
Tenant services	-	601	-	601
Total operating expenses	<u>1,227,214</u>	<u>1,505,511</u>	<u>5,910</u>	<u>2,738,635</u>
Operating income (loss)	<u>15,489</u>	<u>(220,916)</u>	<u>215,960</u>	<u>10,533</u>
Non-operating revenues (expenses):				
Interest - unrestricted	403	5,027	-	5,430
Interest expense	-	(9,102)	-	(9,102)
Total non-operating revenue - net	<u>403</u>	<u>(4,075)</u>	<u>-</u>	<u>(3,672)</u>
Income or (loss) before transfers	<u>15,892</u>	<u>(224,991)</u>	<u>215,960</u>	<u>6,861</u>
Operating transfers	<u>-</u>	<u>(9,518)</u>	<u>9,518</u>	<u>-</u>
Change in net position	<u>15,892</u>	<u>(234,509)</u>	<u>225,478</u>	<u>6,861</u>
Net position, beginning	<u>(290,855)</u>	<u>1,586,596</u>	<u>809,218</u>	<u>2,104,959</u>
Equity transfers	<u>-</u>	<u>825,623</u>	<u>(825,623)</u>	<u>-</u>
Net position ending	<u>\$ (274,963)</u>	<u>\$ 2,177,710</u>	<u>\$ 209,073</u>	<u>\$ 2,111,820</u>

See auditor's report and notes to financial statements.

SUPPLEMENTARY INFORMATION

Middleborough Housing Authority
 Schedule of Expenditures of Federal Awards
 Fiscal Year Ended December 31, 2016

	<u>Federal CFDA Number *</u>	<u>Agency or Pass-through Number</u>	<u>Federal Assistance Received</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development</u>				
Section 8 Housing Choice Voucher Program	14.871	MA 060	\$ 1,204,470	\$ 1,204,470
<u>Passed Through</u>				
Section 8 N/C S/R Program	14.182	MA 060	<u>238,187</u>	<u>238,187</u>
Total federal awards			<u>\$ 1,442,657</u>	<u>\$ 1,442,657</u>

* Refer to Catalog of Federal Domestic Assistance

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2

U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) Pass-through entity identifying numbers are presented where available.

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

NOTE C – PROGRAM COST

The amounts presented as federal expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Authority's portion, may be more than is shown on the schedule.

John H. Ross
Certified Public Accountant
397 South Main Street
Nashua, New Hampshire 03060
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-22-

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
Middleborough Housing Authority
Middleborough, Massachusetts

I have audited the financial statements of Middleborough Housing Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued my report thereon dated June 2, 2017. I conducted my 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Middleborough Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Middleborough Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Middleborough Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Middleborough Housing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Restriction on Use

This report is intended solely for the information and use of management, the, board of commissioners, others within the Authority, the U.S. Department of Housing and Urban Development, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



John H. Ross
Nashua, New Hampshire
June 2, 2017

John H. Ross
Certified Public Accountant
397 South Main Street
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-24-

Report on compliance for each major federal program and report on internal control over compliance in accordance with the uniform guidance

Board of Commissioners
Middleborough Housing Authority
Middleborough, Massachusetts

Compliance

I have audited the compliance of Middleboro Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. Middleboro Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Middleboro Housing Authority's management.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Middleboro Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Middleboro Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Middleboro Housing Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Middleboro Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Middleboro Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Middleboro Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Middleboro Housing Authority's internal control over compliance.

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

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

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



John H. Ross
Nashua, New Hampshire
June 2, 2017

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-26-

Report on compliance with requirements applicable to each state
program and internal control over compliance

Board of Commissioners
Middleborough Housing Authority
Middleborough, Massachusetts

Compliance

I have audited the compliance of Middleborough Housing Authority with the types of compliance requirements described in the *Single Audit State Compliance Requirements of Housing Authorities*, issued by the Office of the State Auditor of the Commonwealth of Massachusetts, that are applicable to each of its state programs for the year ended December 31, 2016. Middleborough Housing Authority's state programs are identified in the accompanying Notes to the Financial Statements section of this report.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its state programs is the responsibility of Middleborough Housing Authority's management.

Auditor's Responsibility

My responsibility is to express an opinion on Middleborough Housing Authority's compliance based on my compliance audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Single Audit State Compliance Requirements of Housing Authorities*, issued by the Office of the State Auditor of the Commonwealth of Massachusetts. Those standards and the State Compliance Requirements require that I plan and perform the compliance 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 state program occurred. A compliance audit includes examining, on a test basis, evidence about Middleborough Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my compliance audit provides a reasonable basis for my opinion. My compliance audit does not provide a legal determination on Middleborough Housing Authority's compliance with those requirements.

Opinion

In my opinion, Middleborough Housing Authority complied, in all material respects, with requirements referred to above that are applicable to each of its state programs for the year ended December 31, 2016.

Internal Control Over Compliance

The management of Middleborough Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing my compliance audit, I considered Middleborough Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Middleborough Housing Authority's internal control over compliance.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over compliance that I consider to be significant deficiencies or material weaknesses, as defined above.

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 state 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 a material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies, as defined above.

Restricted Use

The purpose of this report is solely to express my opinion on compliance and to test and report on internal control over compliance in accordance with State Compliance Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Middleborough Housing Authority's compliance with requirements that could have a direct and material effect on a state program. Accordingly, this report is not suitable for any other purpose.



John H. Ross
Nashua, New Hampshire
June 2, 2017

MIDDLEBOROUGH HOUSING AUTHORITY
Schedule of findings and questioned costs
Year ended December 31, 2016

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Reportable condition(s) identified
not considered to be material weaknesses? No

Significant deficiency(s) identified
not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Reportable condition(s) identified
not considered to be material weaknesses? No

Significant deficiency(s) identified
not considered to be material weaknesses? No

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the
Uniform Guidance No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA No. 14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

MIDDLEBOROUGH HOUSING AUTHORITY
Schedule of findings and questioned costs
Year ended December 31, 2016

Section II --Financial Statement Findings

There were no reportable conditions, material weaknesses or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III--Federal Award Findings and Questioned Costs

There were no audit findings required to be reported under the Uniform Guidance.

Section IV --State Programs Findings and Questioned Costs

There were no audit findings required to be reported

MIDDLEBOROUGH HOUSING AUTHORITY
Summary schedule of prior audit findings
Year ended December 31, 2016

The prior audit report for the twelve months ended December 31, 2015, contained no findings.

MIDDLEBOROUGH HOUSING AUTHORITY
Summary schedule of journal entries
Year ended December 31, 2016

The audit report for the twelve months ended December 31, 2016, contains no adjusting journal entries.

Middleborough Housing Authority (MA060)
Middleborough, MA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2016

	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$193,197	\$430,390	\$521,593	\$1,145,180	\$1,145,180
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$20,777	\$26,298	\$19,378	\$66,453	\$66,453
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$213,974	\$456,688	\$540,971	\$1,211,633	\$1,211,633
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects		\$0		\$0	\$0
124 Accounts Receivable - Other Government		\$26,643	\$5,090	\$31,733	\$31,733
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants			\$19,314	\$19,314	\$19,314
126.1 Allowance for Doubtful Accounts - Tenants			-\$14,409	-\$14,409	-\$14,409
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$34,616			\$34,616	\$34,616
128.1 Allowance for Doubtful Accounts - Fraud	-\$34,616			-\$34,616	-\$34,616
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$26,643	\$9,995	\$36,638	\$36,638
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$1,186	\$8,348	\$14,039	\$23,573	\$23,573
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					

145 Assets Held for Sale								
150 Total Current Assets	\$215,160	\$491,679	\$565,005	\$1,271,844	\$1,271,844			\$1,271,844
161 Land								
162 Buildings		\$42,300	\$63,652	\$105,952	\$105,952			\$105,952
163 Furniture, Equipment & Machinery - Dwellings		\$3,080,168	\$5,590,021	\$8,670,189	\$8,670,189			\$8,670,189
164 Furniture, Equipment & Machinery - Administration	\$4,068	\$114,486	\$11,205	\$129,759	\$129,759			\$129,759
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$4,068	-\$2,034,665	-\$3,875,900	-\$5,914,633	-\$5,914,633			-\$5,914,633
167 Construction in Progress			\$209,072	\$209,072	\$209,072			\$209,072
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,202,289	\$1,998,050	\$3,200,339	\$3,200,339			\$3,200,339
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$0	\$1,202,289	\$1,998,050	\$3,200,339	\$3,200,339			\$3,200,339
200 Deferred Outflow of Resources	\$17,591	\$43,269	\$42,134	\$102,994	\$102,994			\$102,994
290 Total Assets and Deferred Outflow of Resources	\$232,751	\$1,737,237	\$2,605,189	\$4,575,177	\$4,575,177			\$4,575,177
311 Bank Overdraft								
312 Accounts Payable <= 90 Days			\$15,142	\$15,142	\$15,142			\$15,142
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable			\$20,774	\$20,774	\$20,774			\$20,774
322 Accrued Compensated Absences - Current Portion	\$2,130	\$3,313	\$4,637	\$10,280	\$10,280			\$10,280
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs	\$1,201			\$1,201	\$1,201			\$1,201
332 Account Payable - PHA Projects	\$267			\$267	\$267			\$267
333 Accounts Payable - Other Government			\$37,222	\$37,222	\$37,222			\$37,222
341 Tenant Security Deposits								
342 Unearned Revenue	\$104,858	\$19	\$4,895	\$109,772	\$109,772			\$109,772

343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$86,959		\$86,959	\$86,959
344	Current Portion of Long-term Debt - Operating Borrowings							
345	Other Current Liabilities							
346	Accrued Liabilities - Other				\$13,532	\$26,935	\$40,467	\$40,467
347	Inter Program - Due To							
348	Loan Liability - Current							
310	Total Current Liabilities	\$108,456	\$103,823	\$109,805	\$322,084		\$322,084	
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							
352	Long-term Debt, Net of Current - Operating Borrowings				\$120,904		\$120,904	\$120,904
353	Non-current Liabilities - Other							
354	Accrued Compensated Absences - Non Current	\$6,910	\$24,339	\$28,723	\$59,972		\$59,972	\$59,972
355	Loan Liability - Non Current							
356	FASB 5 Liabilities							
357	Accrued Pension and OPEB Liabilities	\$389,662	\$800,141	\$754,665	\$1,944,668		\$1,944,668	\$1,944,668
350	Total Non-Current Liabilities	\$396,572	\$945,384	\$783,588	\$2,125,544		\$2,125,544	\$2,125,544
300	Total Liabilities	\$505,028	\$1,049,207	\$893,393	\$2,447,628		\$2,447,628	\$2,447,628
400	Deferred Inflow of Resources	\$2,686	\$6,607	\$6,435	\$15,728		\$15,728	\$15,728
508.4	Net Investment in Capital Assets							
511.4	Restricted Net Position	\$20,777	\$994,426	\$1,998,050	\$2,992,476		\$2,992,476	\$2,992,476
512.4	Unrestricted Net Position	-\$295,740	-\$339,301	-\$312,067	-\$947,108		-\$947,108	-\$947,108
513	Total Equity - Net Assets / Position	-\$274,963	\$681,423	\$1,705,361	\$2,111,821		\$2,111,821	\$2,111,821
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$232,751	\$1,737,237	\$2,605,189	\$4,575,177		\$4,575,177	\$4,575,177

Middleborough Housing Authority (MA060)
Middleborough, MA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2016

	14.871 Housing Choice Vouchers	14.182 NIC S/R Section 8 Programs	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue		\$309,298	\$551,810	\$861,108	\$861,108
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$309,298	\$551,810	\$861,108	\$861,108
70600 HUD PHA Operating Grants					
70610 Capital Grants	\$1,204,470	\$238,187		\$1,442,657	\$1,442,657
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$403	\$2,842	\$385,854	\$385,854	\$385,854
71200 Mortgage Interest Income			\$2,185	\$5,430	\$5,430
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$6,294			\$6,294	\$6,294
71500 Other Revenue	\$31,939	\$5,466	\$15,850	\$53,255	\$53,255
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$1,243,106	\$555,793	\$955,699	\$2,754,598	\$2,754,598
91100 Administrative Salaries	\$68,886	\$47,470	\$68,234	\$184,590	\$184,590
91200 Auditing Fees	\$2,200	\$1,626	\$5,125	\$8,850	\$8,850
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$40,532	\$32,522	\$65,432	\$138,486	\$138,486
91600 Office Expenses					
91700 Legal Expense	\$2,421			\$2,421	\$2,421
91800 Travel	\$530	\$192	\$366	\$1,088	\$1,088
91810 Allocated Overhead					
91900 Other	\$39,750	\$20,217	\$39,428	\$99,395	\$99,395
91000 Total Operating - Administrative	\$154,319	\$101,926	\$178,585	\$434,830	\$434,830
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					

92400	Tenant Services - Other		\$179	\$422	\$601	\$601
92500	Total Tenant Services	\$0	\$179	\$422	\$601	\$601
93100	Water		\$31,761	\$79,498	\$111,259	\$111,259
93200	Electricity		\$29,303	\$58,462	\$87,765	\$87,765
93300	Gas		\$39,459	\$57,735	\$97,194	\$97,194
93400	Fuel			\$16,174	\$16,174	\$16,174
93500	Labor					
93600	Sewer					
93700	Employee Benefit Contributions - Utilities					
93800	Other Utilities Expense					
93900	Total Utilities	\$0	\$100,523	\$211,869	\$312,392	\$312,392
94100	Ordinary Maintenance and Operations - Labor		\$97,650	\$83,301	\$180,951	\$180,951
94200	Ordinary Maintenance and Operations - Materials and Other		\$17,717	\$18,764	\$36,481	\$36,481
94300	Ordinary Maintenance and Operations Contracts		\$27,352	\$58,509	\$86,861	\$86,861
94500	Employee Benefit Contributions - Ordinary Maintenance		\$66,904	\$90,012	\$156,916	\$156,916
94600	Total Maintenance	\$0	\$209,623	\$251,586	\$461,209	\$461,209
95100	Protective Services - Labor					
95200	Protective Services - Other Contract Costs					
95300	Protective Services - Other					
95500	Employee Benefit Contributions - Protective Services					
95600	Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110	Property Insurance		\$6,551	\$12,897	\$19,448	\$19,448
96120	Liability Insurance		\$97	\$184	\$281	\$281
96130	Workmen's Compensation	\$2,329	\$5,623	\$5,516	\$13,668	\$13,668
96140	All Other Insurance	\$410	\$1,230	\$2,680	\$4,320	\$4,320
96100	Total Insurance Premiums	\$2,739	\$13,701	\$21,277	\$37,717	\$37,717
96200	Other General Expenses			\$4,202	\$4,202	\$4,202
96210	Compensated Absences	\$123	\$3,816	\$4,058	\$7,997	\$7,997
96300	Payments in Lieu of Taxes			\$1,871	\$1,871	\$1,871
96400	Bad debt - Tenant Rents			\$10,440	\$10,440	\$10,440
96500	Bad debt - Mortgages					
96600	Bad debt - Other					
96800	Severance Expense					
96900	Total Other General Expenses	\$123	\$3,816	\$20,571	\$24,510	\$24,510
96710	Interest of Mortgage (or Bonds) Payable					
96720	Interest on Notes Payable (Short and Long Term)		\$9,102	\$0	\$9,102	\$9,102
96730	Amortization of Bond Issue Costs					
96700	Total Interest Expense and Amortization Cost	\$0	\$9,102	\$0	\$9,102	\$9,102
96900	Total Operating Expenses	\$157,181	\$438,870	\$684,310	\$1,280,361	\$1,280,361
97000	Excess of Operating Revenue over Operating Expenses	\$1,085,925	\$116,923	\$271,389	\$1,474,237	\$1,474,237
97100	Extraordinary Maintenance		\$50,143	\$50,905	\$101,048	\$101,048

