

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

**AUDIT REPORT**

**For the Year Ended March 31, 2019**

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

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March 31, 2019

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### Independent Auditor's Report

Board of Commissioners  
The Housing Authority of Paducah  
Paducah, Kentucky

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Paducah ("Authority") as of and for the year ended March 31, 2019, 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**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Scholar House of Paducah, LLLP and Cumberland Village of Middlesboro, LLLP (two discretely presented component units collectively referred to as the "Discrete Component Units"), which represent 35 percent, 41 percent, and 11 percent, respectively, of the assets, net position, and revenues of the Authority. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Discrete Component Units, is based solely on the reports of the other auditors (except as discussed in Note 4 to the financial statements). 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Paducah, as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and Schedules of the Authority's proportionate share of Net Pension and OPEB Liability and Authority Contributions on page 34 and 35 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. 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.

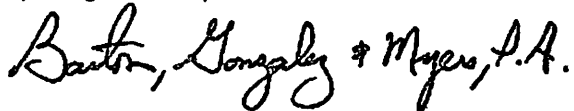
### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of Paducah's basic financial statements. The accompanying financial information listed in the Table of Contents as Other Supplementary Information and the Financial Data Schedule are presented for additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is also not a required part of the financial statements.

This other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed in the Table of Contents as Other Supplementary Information, the Financial Data Schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Barton, Gonzalez & Myers, P.A.  
Certified Public Accountants  
October 25, 2019

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

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The Housing Authority of Paducah's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position decreased \$214,381 in 2019. Net Position was \$13,618,540 and \$13,404,159 for 2018 and 2019 respectively.
- Revenues increased \$1,227,058 during 2019, and were \$5,878,029 and \$7,105,087 for 2018 and 2019 respectively.
- Total expenses increased \$64,831 during 2019, and were \$7,254,637 and \$7,319,468 for 2018 and 2019 respectively.

**USING THIS ANNUAL REPORT**

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

<p><b>MD&amp;A</b></p> <p>~ Management's Discussion and Analysis ~</p>
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<p><b>Basic Financial Statements</b></p> <p>~ Authority-wide Financial Statements ~ ~ Notes to Financial Statements ~</p>
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<p><b>Other Required Supplementary Information</b></p> <p>~ Required Supplementary Information ~ (Other than the MD&amp;A)</p>
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**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

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**Government-Wide Financial Statements**

The government-wide financial statements include not only the Authority itself (known as the primary government), but also discrete component units: Scholar Housing of Paducah, LLLP and Cumberland Village of Middlesboro, LLLP. Financial information for the discrete component units is reported separately from the financial information presented for the primary government. Complete financial statements for each component unit are available from the Authority upon request.

**Authority-Wide Financial Statements (Primary Government)**

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

**Statement of Net Position**

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

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

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

**Unrestricted Net Position:** Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

**Statement of Revenues, Expenses, and Changes in Net Position**

The Authority-wide financial statements also include a **Statement of Revenues, Expenses, and Changes in Net Position** (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

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**Statement of Cash Flows**

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

**The Authority's Programs**

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

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

Capital Fund Program - a grant program funded by the Department of Housing and Urban Development as the primary sources of funding for physical and management improvements to the Authority's properties.

Central Office Cost Center (COCC) - As part of its conversion to Asset Management, the Authority established the COCC to manage and oversee the operations of the Public Housing Developments and other grant programs. Utilizing a "fee for service" approach, the COCC recognizes revenues through management and service fees charged to the other programs. Management fees cannot exceed the "safe harbor" amount established by HUD.

Home Ownership (Business Activities) - Under section 32, the Authority is able to build single family homes with replacement capital funds and sell them to eligible low-income families at a discounted price. The sale proceeds are then used for housing assistance to low income families.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

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**AUTHORITY-WIDE STATEMENTS**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1**  
**STATEMENT OF NET POSITION**

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
<b>Assets:</b>			
Current & Restricted Assets	7,089,465	6,376,494	712,971
Capital Assets	12,604,518	13,975,324	(1,370,806)
Non-Current Assets	<u>1,262,804</u>	<u>1,317,136</u>	<u>(54,332)</u>
Total Assets	<u>20,956,787</u>	<u>21,668,954</u>	<u>(712,167)</u>
Deferred Outflows of Resources	<u>838,827</u>	<u>1,134,050</u>	<u>(295,223)</u>
<b>Liabilities:</b>			
Current Liabilities	1,259,927	1,497,177	(237,250)
Non-Current Liabilities	<u>6,732,135</u>	<u>7,378,916</u>	<u>(646,781)</u>
Total Liabilities	<u>7,992,062</u>	<u>8,876,093</u>	<u>(884,031)</u>
Deferred Inflows of Resources	<u>399,393</u>	<u>308,371</u>	<u>91,022</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	8,800,194	9,705,762	(905,568)
Restricted Net Position	568,657	567,478	1,179
Unrestricted Net Position	<u>4,035,308</u>	<u>3,345,300</u>	<u>690,008</u>
Total Net Position	<u>13,404,159</u>	<u>13,618,540</u>	<u>(214,381)</u>

**Major Factors Affecting the Statement of Net Position**

During 2019, current and restricted assets increased by \$712,971. The increase resulted primarily from an increase in unrestricted cash. Current liabilities decreased primarily due to a decrease in both accounts payable and the contract retention. Non-current liabilities also decreased due to a decrease in both long-term debt and accrued pension liability.



**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

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Table 2 presents details on the change in Unrestricted Net Position

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position, March 31, 2018	3,345,300
Results of Operations	(1,311,414)
Capital Expenditures from Energy Savings Contract	(773,272)
Proceeds from Sale of Capital Assets	4,500
Investment Income	106,502
Transfer from (to) Restricted	(1,179)
Capital Grants Received for Debt Service	1,117,000
Principal and Interest on Capital Debt	(595,699)
Depreciation Expense	<u>2,143,570</u>
Unrestricted Net Position, March 31, 2019	<u>4,035,308</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial wellbeing.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

**TABLE 3**  
**STATEMENT OF REVENUES AND EXPENSES**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant Rental Revenue	2,825,869	2,782,710	43,159
Operating Grants	2,707,737	2,181,423	526,314
Capital Grants	1,117,000	789,837	327,163
Investment Income	106,502	46,106	60,396
Other Revenue	343,479	77,953	265,526
Gain (Loss) on disposal of assets	4,500	0	4,500
	<u>7,105,087</u>	<u>5,878,029</u>	<u>1,227,058</u>
<b>Total Revenues</b>			
<b>Expenses:</b>			
Administrative Expenses	1,291,912	1,490,569	(198,657)
Tenant Services	87,035	28,859	58,176
Utilities	1,206,073	1,191,341	14,732
Maintenance & Operations	1,800,322	1,755,433	44,889
General Expense	659,587	597,626	61,961
Interest Expense	130,969	156,371	(25,402)
Depreciation Expense	2,143,570	2,034,438	109,132
	<u>7,319,468</u>	<u>7,254,637</u>	<u>64,831</u>
<b>Total Expenses</b>			
<b>Excess (Deficiency) Revenues Over Expenses</b>	<u>(214,381)</u>	<u>(1,376,608)</u>	<u>1,162,227</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES AND EXPENSES**

There was a significant increase in total revenues. Operating grants increased due to a increase in the availability of capital fund money used for operating purposes. Capital grants received increased due to the timing and nature of the draws. Tenant revenue increased slightly due to make up of the tenant base this year.

There was a slight increase in expenses. Expenses increased in all areas except administrative expenses and interest expense. Administrative expenses decreased due to a decrease in longevity of staff resulting in a decrease in salaries and related benefits. Utilities increased slightly due to an increase in water, sewer and gas rates charged by the utility companies. Tenant services increased as a result of additional funding earmarked for tenant services from operating grants.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$12,604,518 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of 10% from last year.

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END**  
**(NET OF DEPRECIATION)**

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>% Change</u>
Land	732,298	732,298	0	0%
Buildings	44,840,795	42,345,236	2,495,559	6%
Furniture & Equipment	1,468,885	1,530,565	(61,680)	-4%
Construction in Process	0	1,739,067	(1,739,067)	-100%
Accumulated Depreciation	(34,437,460)	(32,371,842)	(2,065,618)	6%
 Net Capital Assets	 \$12,604,518	 \$13,975,324	 \$(1,370,806)	 -10%

**TABLE 5**  
**CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, April 1, 2018	\$13,975,324
Additions:	
Improvements – Capital Fund	757,000
Improvements – Operating	16,272
Deletions (Net of Depreciation)	(508)
Depreciation Expense	(2,143,570)
Ending Balance, March 31, 2019	<u>\$12,604,518</u>

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Management's Discussion and Analysis

March 31, 2019

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**DEBT ADMINISTRATION**

As of year-end, the Authority had \$3,804,324 in long term debt (bonds) outstanding, compared to a \$4,353,901 balance in 2018. See Note 5 for more details on outstanding debt.

**TABLE 6**

**OUTSTANDING LONG TERM DEBT, AT YEAR-END**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Capital Fund Bond Program	2,480,000	2,840,000	(360,000)
Energy Program Capital Lease – Phase 2	<u>1,324,323</u>	<u>1,513,901</u>	<u>(189,578)</u>
Total	<u>\$3,804,323</u>	<u>\$4,353,901</u>	<u>\$(549,578)</u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Sandy Givens, Director of Finance of the Housing Authority of Paducah, at (270) 450-4218. Specific requests may be submitted to Sandy Givens, Director of Finance, Housing Authority of Paducah, 2330 Ohio St., Paducah, KY 42003.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Statement of Net Position - Proprietary Fund Type

March 31, 2019

	Primary Government Mar 31, 2019	Discrete Component Units Dec 31, 2018
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 6,286,714	\$ 103,295
Cash and cash equivalents - restricted	568,657	748,757
Accounts receivable, net of an allowance of \$31,209 (primary government)	57,297	3,439
Accounts receivable - miscellaneous	45,708	-
Prepaid expenses	77,194	24,876
Supplies inventory, net of allowance for obsolescence of \$6,005	53,895	-
<b>Total current assets</b>	<b>7,089,465</b>	<b>880,367</b>
<b>Noncurrent Assets:</b>		
<b>Capital Assets</b>		
Nondepreciable capital assets	732,298	246,400
Depreciable capital assets, net	11,872,220	10,708,059
<b>Total capital assets</b>	<b>12,604,518</b>	<b>10,954,459</b>
<b>Other Assets</b>		
Prepaid asset management fees	-	36,389
Related party notes receivable	1,262,804	-
<b>Total other assets</b>	<b>1,262,804</b>	<b>36,389</b>
<b>Total non-current assets</b>	<b>13,867,322</b>	<b>10,990,848</b>
<b>Total assets</b>	<b>20,956,787</b>	<b>11,871,215</b>
<b>Deferred Outflows of Resources</b>	<b>838,827</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 21,795,614</b>	<b>\$ 11,871,215</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 240,761	\$ 541
Accrued interest payable	49,601	-
Tenant security deposits	197,056	28,627
Accrued compensated absences	16,951	-
Due to other governments	146,203	-
Unearned revenue	8,535	-
Current portion of long term debt	575,991	39,423
Other current liabilities	24,829	20,000
<b>Total current liabilities</b>	<b>1,259,927</b>	<b>88,591</b>
<b>Noncurrent Liabilities:</b>		
Long term debt	3,228,333	1,144,351
Related party notes payable	-	1,319,760
Accrued compensated absences	57,050	-
Pension and OPEB liability	3,446,752	-
<b>Total non-current liabilities</b>	<b>6,732,135</b>	<b>2,464,111</b>
<b>Total liabilities</b>	<b>7,992,062</b>	<b>2,552,702</b>
<b>Deferred Inflows of Resources</b>	<b>399,393</b>	<b>-</b>
<b>Net Position:</b>		
Net investment in capital assets	8,800,194	9,770,685
Restricted net position	568,657	524,965
Unrestricted net position	4,035,308	(977,137)
<b>Total net position</b>	<b>13,404,159</b>	<b>9,318,513</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 21,795,614</b>	<b>\$ 11,871,215</b>

See auditor's report.

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Type

For the Year Ended March 31, 2019

	For the years ended:	
	Mar 31, 2019	Dec 31, 2018
	Primary Government	Discrete Component Units
<b>Operating revenues:</b>		
Tenant rental revenue (net)	\$ 2,825,869	\$ 676,704
HUD operating grants	2,707,737	-
Other revenue	343,479	25,348
<b>Total operating revenues</b>	<b>5,877,085</b>	<b>702,052</b>
<b>Operating expenses:</b>		
Administration	1,291,912	159,473
Tenant services	87,035	-
Utilities	1,206,073	146,734
Ordinary maintenance	1,800,322	121,461
General expenses	642,300	102,020
Housing assistance payments	17,287	-
Depreciation	2,143,570	369,494
<b>Total operating expenses</b>	<b>7,188,499</b>	<b>899,182</b>
<b>Operating loss</b>	<b>(1,311,414)</b>	<b>(197,130)</b>
<b>Nonoperating revenue (expenses):</b>		
Interest income	105,305	654
Interest expense	(130,969)	(71,094)
Gain/Loss on sale of equipment	4,500	-
Restricted Investment Income	1,197	-
<b>Net nonoperating revenue (expense)</b>	<b>(19,967)</b>	<b>(70,440)</b>
<b>Net loss before capital contributions</b>	<b>(1,331,381)</b>	<b>(267,570)</b>
Contributions - capital grants	1,117,000	-
<b>Decrease in net position</b>	<b>(214,381)</b>	<b>(267,570)</b>
<b>Net position, beginning of year</b>	<b>13,618,540</b>	<b>9,586,083</b>
<b>Net position, end of year</b>	<b>\$ 13,404,159</b>	<b>\$ 9,318,513</b>

See auditor's report.

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF PADUCAH**

Paducah, Kentucky

Statement of Cash Flows - Proprietary Fund Type

For the Year Ended March 31, 2019

	<u>Primary Government</u>
<u>Cash flows from operating activities:</u>	
Cash received from tenants and others	\$ 3,030,430
Cash paid for goods and services	(3,414,040)
Cash paid to employees for services	(1,434,589)
HUD PHA grants received	<u>2,707,737</u>
Net cash provided by operating activities	<u>889,538</u>
<u>Cash flows from capital and related financing activities:</u>	
Proceeds from sale of capital assets	4,500
Proceeds from capital grants	1,178,200
Payments of debt	(549,577)
Payments of interest	(147,940)
Acquisition of capital assets	<u>(773,272)</u>
Net cash used by capital and related financing activities	<u>(288,089)</u>
<u>Cash flows from investing activities:</u>	
Principal payments received on related party notes receivable	54,332
Interest on investments	<u>106,502</u>
Net cash flows provided by investing activities	<u>160,834</u>
Net increase in cash and cash equivalents	762,283
Cash and cash equivalents, beginning of year	<u>6,093,088</u>
Cash and cash equivalents, end of year	<u>\$ 6,855,371</u>
 <u>Reconciliation of operating loss to net cash provided by operating activities:</u>	
Operating loss:	\$ (1,311,414)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,143,570
Increase in tenants and miscellaneous accounts receivable	(28,768)
Increase in prepaid expenses	(9,317)
Decrease in supplies inventory	26,197
Decrease in accounts payable, accrued liabilities and security deposits	(240,367)
Increase in unearned revenue	1,049
Decrease in pension and OBEP liability and related deferred outflows of resources and deferred inflows of resources	<u>308,588</u>
Total adjustments	<u>2,200,952</u>
Net cash provided by operating activities	<u>\$ 889,538</u>

See auditor's report.

The notes to the financial statements are an integral part of this statement.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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NOTE 1: Summary of Significant Accounting Policies:

Introduction

The financial statements of the Housing Authority of Paducah ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP). The Authority has adopted the provisions of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The objective of this Statement is to incorporate the GASB's authoritative literature and certain FASB and American Institute of Certified Public Accountants' ("AICPA") accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 62 also supersedes Statement No. 20. *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The more significant of the government's accounting policies are described below.

Organization

The Authority is a public body and a body corporate and politic organized under the laws of the State of Kentucky by the City of Paducah for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the City appoints a Governing Board, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein.

Reporting 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, the Financial Reporting Entity*.

*Financial Accountability* - The Authority is responsible for its debts, does not impose a financial burden on the City of Paducah and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.



**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

**Reporting Entity (Continued)**

*Appointment of a Voting Majority* - The Authority is governed by a Board of Commissioners appointed by the City of Paducah and has governance responsibilities over all activities related to its housing activities. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

*Imposition of Will* - The City has no influence over the 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 interest 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 governments. Thus, the Authority reports independently and is not to be included in the City of Paducah financial reports. In addition the Authority has determined that the following component units should be considered as part of the Housing Authority reporting entity.

**Component Units (blended)**

***Paducah Housing Services, Inc. ("PHS")*** - This is a 501(c)(3) not-for-profit corporation created to foster low-income housing, including initiatives to expand and/or preserve the supply of decent, safe, sanitary and affordable housing. Two of the three members of the Board of Directors of PHS are also board members of the Authority and the Authority manages the day to day activities of PHS. PHS is reported as a blended component unit of the Authority.

***Paducah/Cumberland Village, Inc. ("PCV")*** - PHS is the 100% owner of PCV which is a corporation formed to be the general partner (.01% interest) in Cumberland Village of Middlesboro, LLLP (see the discrete component units below).

**Component Units (discretely presented)**

PHS and PCV are the general partners in two real estate partnerships. The limited partnership interests are held by parties unrelated to PHS and PCV. As the general partner PHS (and PCV) has certain rights and responsibilities which enable it to impose its will on the limited partnerships. PHS has also entered into an agreement with the partnerships to provide loans. Neither the Authority nor PHS are served exclusively or almost exclusively by the partnerships. Therefore, the partnerships are presented as discretely presented component units.

The two discretely presented component units are Scholar House of Paducah, LLLP and Cumberland Village of Middlesboro, LLLP. These discretely presented component units have entered into financing agreements with multiple lenders in order to finance the construction of the low-income multifamily housing projects. The discretely presented components have a calendar year end of December 31<sup>st</sup> and as such the balances between the Authority and the discretely presented component units may not agree due to timing differences.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

**Reporting Entity (Continued)**

*Component Units (discretely presented) - Continued*

**Scholar House of Paducah, LLLP**, is a legally separate entity organized in June 2006 that was formed for the purpose of developing and operating a low-income multifamily housing project with a total of 48 units in Paducah, Kentucky. Part of the financing for these units was obtained through a note payable to PHS in the original amount of \$262,448. In addition, accrued interest on the note through March 31, 2019 was \$17,059 (see Note 4). PHS is the general partner with a 0.051% interest and paid a capital contribution of \$596,960 (cash and land) at inception. Due to the hierarchy for receipt of cash distributions, PHS does not expect for cash distributions from this partnership.

**Cumberland Village of Middlesboro, LLLP**, is a legally separate entity organized in March 2014 that was formed for the purpose of developing and operating a low-income multifamily housing project with a total of 60 units in Middlesboro, Kentucky. Part of the financing for these units was obtained through a note payable to PHS in the amount of \$652,855 in Federal Home Loan Bank (FHLB) funds. PHS has also lent the partnership other funds (see Note 4), including a \$225,000 operating deficit guarantee. PCV is the general partner with a 0.01% interest. Distributable cash flow (if any) is payable annually to the investment limited partner at 20% and the general partner at 80%.

The above discretely presented component unit separately issued financial statements can be obtained from the Authority. See also summary financial statement information for the discretely presented component units at Note 14.

**Programs**

The Authority operates the following programs:

*Public Housing Agency Owned Housing Program* - Funding for public housing authorities is received from the United States Department of Housing and Urban Development (HUD) and from participants (tenants) in public housing programs. Under the Low Rent Housing Program, low income tenants pay monthly rents which are determined by their need for assistance. This program is designed to provide low-cost housing within the City of Paducah and McCracken County. Funding is provided by eligible residents who are charged monthly rent based on family size, family income, and other determinates, as well as by subsidies provided by HUD. HUD pays operating subsidies to the Authority to enable the Authority to maintain the low-income character of the neighborhood while providing adequate services and maintaining adequate reserves.

*Capital Fund Program* - The capital fund program provided another source of funding to cover the cost of physical rehabilitation on existing low-income housing, management improvements and debt service for capital improvement bonds. Funding for this program is provided by grants from HUD through a formula driven computation. Each year's grant funds must be entirely obligated within two years of inception of the grant and entirely expended within four years.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

**Programs (Continued)**

*Central Office Cost Center ("COCC")* – The Authority uses the COCC to manage its various programs. Indirect costs for management, bookkeeping and asset management are charged to the COCC as incurred. The COCC recognizes revenue from charges made to the various programs for management and bookkeeping fees. These inter-fund revenues and expenses are eliminated in the financial statements.

**Basis of Presentation**

The accounts of the Authority are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, net position, revenues and expenses. The Authority accounts for its operation in one fund type, the enterprise fund that reflects the business type activities of the Authority. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Housing Authority of Paducah maintains one enterprise fund.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. Enterprise fund type equity (i.e., net total position) is segregated into net investment in capital assets, and restricted and unrestricted net position components. Operating activities for this fund present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

The financial statements for the Authority have been presented on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. Operating income reported includes rental income, other tenant charges, operating grants and other revenue for the continuing operations of the fund. Operating expenses are the costs of providing goods and services. Other revenues and expenses are classified as non-operating in the financial statements.

**Cash and Investments**

The Authority considers cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

**Accounts Receivable**

Accounts receivables are carried at the amount considered by management to be collectible, and consist of amounts due from tenants for rents and amounts due from HUD for grant income.

**Prepaid Items**

Prepaid Items consist of payments made to vendors for services that will benefit future periods.

**Inventories**

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

**Capital Assets**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Property and equipment acquired with an initial cost of less than \$5,000 or a useful life of one year or less are expensed when acquired. Depreciation on assets has been expensed in the statement of revenues and expenses. Estimated useful lives are as follows:

Buildings & Improvements	15 - 27 years
Furniture, fixtures and equipment	5 - 7 years

**Deferred Outflows of Resources/Deferred Inflows of Resources**

The statement of net position reports a separate financial statement element called deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Board reports deferred outflows of resources related to pensions and other post-employment benefits (OPEB) as deferred outflows of resources on the statement of net position. The statement of net position also reports a separate financial statement element called deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board reports deferred inflows of resources related to pensions and OPEB as deferred inflows of resources on the statement of net position.

**Unearned Revenue**

The Authority recognizes revenues as earned. Amounts received in advance of the period in which earned are recorded as a liability under Unearned Revenue.

THE HOUSING AUTHORITY OF PADUCAH  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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NOTE 1: Summary of Significant Accounting Policies: (Continued)

Compensated Absences

Compensated absences are absences for which, employees will be paid; i.e., sick leave, vacation, and other approved leaves. The Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation pay is recorded as an expense and related liability in the year earned.

Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets are shown as non-operating revenue.

Significant Estimates

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, inventory valuations, accounts receivable valuations, and pension assumptions and accruals. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE 2: Cash and Investment Deposits

*Custodial Credit Risk* – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government and to require custodial banks to provide collateralization with securities for any amounts held in excess of the federally insured amounts. As of March 31, 2019, the Authority had adequate FDIC insurance coverage and collateralization.

*Interest Rate Risk* – The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Authority's restricted cash and cash equivalents of \$568,657 is from a Bond Fund Debt Reserve.

The discretely presented component unit's restricted cash and cash equivalents consists of the following:

Real Estate Tax and Insurance Escrow	\$	21,440
Replacement Reserve Escrow		182,739
Operating Reserve Account		150,000
Pledge/Guaranty Reserve		225,000
Initial Operating Reserve		169,578
		<u>748,757</u>

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 3: Capital Assets**

A summary of Capital Assets for the Authority at March 31, 2019 is as follows:

	Balance at March 31, 2018	Additions	Deletions	Transfers	Balance at March 31, 2019
<b>Nondepreciable capital assets:</b>					
Land	\$ 732,298	\$ -	\$ -	\$ -	\$ 732,298
Construction in progress	1,739,067	-	(508)	(1,738,559)	-
	<u>2,471,365</u>	<u>-</u>	<u>(508)</u>	<u>(1,738,559)</u>	<u>732,298</u>
<b>Depreciable capital assets:</b>					
Buildings and improvements	42,345,236	757,000	-	1,738,559	44,840,795
Furniture, equipment, vehicles	1,530,565	16,272	(77,952)	-	1,468,885
	<u>43,875,801</u>	<u>773,272</u>	<u>(77,952)</u>	<u>1,738,559</u>	<u>46,309,680</u>
<b>Accumulated Depreciation:</b>					
Buildings and improvements	(31,334,829)	(2,033,197)	-	-	(33,368,026)
Furniture, equipment, vehicles	(1,037,013)	(110,373)	77,952	-	(1,069,434)
	<u>(32,371,842)</u>	<u>(2,143,570)</u>	<u>77,952</u>	<u>-</u>	<u>(34,437,460)</u>
<b>Total Capital Assets, net</b>	<u>\$ 13,975,324</u>	<u>\$ (1,370,298)</u>	<u>\$ (508)</u>	<u>\$ -</u>	<u>\$ 12,604,518</u>

A summary of Capital Assets for the discretely presented component units at March 31, 2019 is as follows:

	March 31, 2018	Additions	Deletions	Transfers	March 31, 2019
<b>Nondepreciable capital assets:</b>					
Land	\$ 246,400	\$ -	\$ -	\$ -	\$ 246,400
	<u>246,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,400</u>
<b>Depreciable capital assets:</b>					
Buildings and improvements	12,353,051	-	-	-	12,353,051
Furniture, equipment, vehicles	440,000	-	-	-	440,000
	<u>12,793,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,793,051</u>
<b>Accumulated Depreciation:</b>					
	(1,715,498)	(369,494)	-	-	(2,084,992)
<b>Total Capital Assets, net</b>	<u>\$ 11,323,953</u>	<u>\$ (369,494)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,954,459</u>

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 4: Related party notes receivable and payable**

On various dates over the past several years, promissory notes totaling \$1,262,804 were issued between the Authority and the discretely presented component units as follows:

	Balance due the Authority per Discrete Component Units At 12/31/18	Subsequent payments received	Balance receivable from the Discrete Component Units per the Authority at 3/31/19
<b><u>Scholar House of Paducah, LLLP:</u></b>			
June 25, 2012 Development Fee Note; interest at 1% per annum; due in full on 6/25/2042.	\$ 262,448		\$ 262,448
Accrued Interest on above note	17,059	-	17,059
Total due from Scholar House of Paducah, LLLP	\$ 279,507	\$ -	\$ 279,507
<b><u>Cumberland Village of Middlesboro, LLLP:</u></b>			
August 1, 2014 Note (from Federal Home Loan Bank of Cincinnati grant); interest at 0% per annum; due in full at earlier of sale of property or 8/1/2047.	\$ 652,855 **		\$ 652,855
Loan for operating deficit guarantee; interest at 0% per annum; due the later of 10 years from the date of 100% qualified occupancy or when debt coverage ratio is 1.2 to 1 for a period of 24 consecutive months.	225,000		225,000
August 1, 2014 Residual Receipt Note; interest at 0% per annum; due in full on 8/1/2047.	162,398	(56,956)	105,442
Total due from Cumberland Village of Middlesboro, LLLP	\$ 1,040,253	\$ (56,956)	\$ 983,297
<b>Total related party notes receivable/payable</b>	<b>\$ 1,319,760</b>	<b>\$ (56,956)</b>	<b>\$ 1,262,804</b>

\*\* The December 31, 2018 financial statements for Cumberland Village of Middlesboro, LLLP showed this note payable as partner's equity. The amounts are shown above as a "notes payable" for comparative presentation purposes.

**NOTE 5: Long Term Debt: Notes and Bonds Payable and Capital Lease Obligations**

**Authority**

**Capital Fund Bonds. Series 2003**

On November 10, 2004, the Authority issued bonds in the amount of \$6,475,000 at the fixed interest rate of 3.85%. The maturity date of the bonds is November 1, 2024. The proceeds from the sale of the bonds were used to modernize the Authority's public housing units. Interest on the bonds is paid semiannually in May and November and the principal on the bonds is paid in May. The debt service is being paid through the Authority's capital fund program.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 5: Long Term Debt: Notes and Bonds Payable and Capital Lease Obligations (Continued)**

Authority (Continued)

Capital Fund Bonds. Series 2003 (Continued)

The Authority pledged a portion of its annual Capital Fund Grant from HUD to secure the Authority's allocable portion of Bonds. Principal outstanding as of March 31, 2019 was \$2,480,000.

As of March 31, 2019, the annual requirements for debt retirement for the above notes and bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
3/31/2020	\$375,000	\$95,480	\$470,480
3/31/2021	390,000	81,042	471,042
3/31/2022	405,000	66,027	471,027
3/31/2023	420,000	50,435	470,435
3/31/2024	435,000	34,265	469,265
Thereafter	<u>455,000</u>	<u>17,518</u>	<u>472,518</u>
Total	<u>\$2,480,000</u>	<u>\$344,767</u>	<u>\$2,824,767</u>

Capital Lease Obligation: PNC Equipment Finance ("Lessor")

On September 26, 2017, the Authority entered into a master lease purchase agreement to finance energy improvement equipment for Public Housing units. As part of this agreement, the Lessor financed the entire cost of acquiring and installing the equipment (\$1,734,415) by deposit into an escrow account with U.S. Bank National Association ("Escrow Agent"). The Escrow Agent makes progress payments for costs of installing the equipment from the escrow account, with approval of the Lessor. As of March 31, 2019, \$1,734,415 has been spent and is included in the financial statements as part of capital assets as building and improvements and \$0 remains in the escrow account. As part of the agreement, title to the equipment is in the name of the Authority. The Authority is obligated to make quarterly rent payment to the Lessor in increasing amounts (ranging from \$53,308 to \$66,034 per quarter) that include principal and interest. This agreement is in substance a purchase (capital lease) and is reported as part of long-term debt. As of March 31, 2019, the remaining principal outstanding for this capital lease obligation is \$1,324,323.

The following schedule presents the future minimum lease payments for the Authority's capital lease obligations



THE HOUSING AUTHORITY OF PADUCAH  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

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NOTE 5: Long Term Debt: Notes and Bonds Payable and Capital Lease Obligations (Continued)

Authority (Continued)

Capital Lease Obligation: PNC Equipment Finance ("Lessor") (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Future Minimum Lease</u>
3/31/2020	\$200,991	\$27,911	\$228,902
3/31/2021	212,874	23,325	236,199
3/31/2022	225,247	18,470	243,717
3/31/2023	238,126	13,332	251,458
3/31/2024	251,176	7,904	259,080
Thereafter	195,909	2,192	198,101
Total	<u>\$1,324,323</u>	<u>\$93,134</u>	<u>\$1,417,457</u>

Discrete Component Units

The following is the long term debt for the discretely presented component units:

**Scholar House of Paducah, LLLP:**

The project is financed by a 20-year mortgage payable to Wilson & Muir Bank & Trust Company. This loan originated as a construction loan in the amount of \$900,000 and was decreased in December 2012 to \$688,760.

The variable rate mortgage has a current 7.5% rate and is payable in

monthly principal and interest installments of \$5,594 through January 2033. \$ 566,968

Total for Scholar House of Paducah, LLLP \$ 566,968

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

NOTE 5: Long Term Debt: Notes and Bonds Payable and Capital Lease Obligations (Continued)

Discrete Component Units (Continued)

**Cumberland Village of Middlesboro, LLLP:**

Financing for the project was provided through The Cecilian Bank, in the total aggregate original amount of \$1,350,000 and was decreased by \$1,193,000 in September 2015 to \$157,000. The 5% mortgage in the amount of \$157,000 was converted to permanent financing in September 2015 and is payable in monthly installments of \$850 through July 2031. Due to a 30-year amortization of the loan, the outstanding principal balance, together with accrued but unpaid interest, is due at maturity. \$ 148,355

The project is also financed by a 30 year mortgage payable to Kentucky Housing Corporation in the amount of \$500,000. The 3.5% mortgage is payable in monthly installments of \$2,245 through December 1, 2046. 468,451

Total for Cumberland Village of Middlesboro, LLLP \$ 616,806

**Total** **\$ 1,183,774**

Less Current Portion (39,423)

**Long-Term Portion** **\$ 1,144,351**

The aggregate maturities of long-term debt for the next five years are as follows:

<u>December 31</u>	<u>Principal</u>
2019	\$ 39,423
2020	41,955
2021	44,663
2022	47,561
2023	50,663
Thereafter	959,509
Total	<u>\$ 1,183,774</u>

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

Note 6: Non-Current Liabilities The schedule of changes in non-current liabilities is as follows:

	March 31, 2018				March 31, 2019	
	Long-Term Portion	Current Portion	Additions	Payments	Long-Term Portion	Current Portion
Bonds Payable	\$ 2,480,000	\$ 360,000	\$ -	\$ (360,000)	\$ 2,105,000	\$ 375,000
Capital Lease Payable	1,324,323	189,578	-	(189,577)	1,123,333	200,991
Accrued compensated absences	50,184	11,990	74,889	(63,062)	57,050	16,951
Pension liability	2,623,394	-	259,931	(214,553)	2,668,772	-
OPEB liability	901,015	-	-	(123,035)	777,980	-
	<u>\$ 7,378,916</u>	<u>\$ 561,568</u>	<u>\$ 334,820</u>	<u>\$ (950,227)</u>	<u>\$ 6,732,135</u>	<u>\$ 592,942</u>

NOTE 7: Pension Plans

**Plan Description - County Employees' Retirement System**

The Authority provides pension benefits for all of its full-time regular employees through cost-sharing multiple-employer defined benefit pension plans, as follows:

- The Authority is a participant in the County Employees' Retirement System's (CERS) pension plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. The Plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <https://kyret.ky.gov/>.
- In addition to the above, the Authority is also a participant in the County Employees' Retirement System's (CERS) OPEB plan, a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from [https://kyret.ky.gov](https://kyret.ky.gov/).

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 7: Pension Plans (Continued)**

**Benefits Provided** - CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. Employees are grouped into three tiers, based on hire date:

**Retirement (pension):**

Tier 1	Participation date Unreduced retirement Reduced retirement	Prior to September 1, 2008 27 years of service or 65 years old Minimum 5 years of service and 55 years old Minimum 25 years of service and any age
Tier 2	Participation date Unreduced retirement  Reduced retirement	September 1, 2008 to December 31, 2013 Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87 Minimum 10 years of service & 60 years old
Tier 3	Participate date Unreduced retirement  Reduced retirement	After December 31, 2013 Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87 Not available

**Health Insurance (OPEB):**

Tier 1	Participation date Eligibility Benefit	Prior to September 1, 2008 10 years of earned service at retirement \$10 per month for each year of earned service without regard for maximum dollar amount; adjusted annually
Tier 2	Participation date Eligibility Benefit	September 1, 2008 to December 31, 2013 15 years of earned service at retirement \$10 per month for each year of earned service without regard for maximum dollar amount; adjusted by 1.5% annually
Tier 3	Participate date Eligibility Benefit	After December 31, 2013 15 years of earned service at retirement \$10 per month for each year of earned service without regard for maximum dollar amount; adjusted by 1.5% annually

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 7: Pension Plans (Continued)**

**Contributions** - Employers contribute at the rate determined by the CERS Board to be necessary for the actuarial soundness of the system, as required by KRS 61.565 and 61.752. The Authority's required contribution rate as of July 1, 2017 was 19.18%. Employees in Tier 1 are required to contribute 5%, while employees in Tiers 2 and 3 are required to contribute 6%. Pension contributions for the year ended March 31, 2019 totaled \$294,971 (which consisted of required employee contributions of \$54,980 and required employer contributions of \$239,991) and health insurance contributions of \$3,987 and total covered salaries used to calculate the required contributions was \$1,288,178.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At March 31, 2019, the Authority reported a liability of \$2,668,772 for its proportionate share of the net pension liability and \$777,980 for the OPEB liability. The net pension and OPEB liabilities were measured as of June 30, 2018. The total pension liability used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation as of June 30, 2018. The Authority's proportion of the net pension and OPEB liability was based on the Authority's share of contributions to the pension plans relative to the contributions of all employers participating in CERS for the year ended June 30, 2018. At June 30, 2018, the Authority's proportion of the net pension and OPEB liability was .04382%, which was a decrease from its proportion measured of .04482% as of June 30, 2017.

For the year ended March 31, 2019, the Authority recognized pension expense of \$445,617 and OPEB expense of \$95,632. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Pension		OPEB		Total	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 87,048	\$ 39,065	\$ -	\$ 90,663	\$ 87,048	\$ 129,728
Changes of assumptions	260,817	-	155,374	1,797	416,191	1,797
Net difference between projected and actual earnings on Plan investments (investment experience)	124,100	156,100	-	53,588	124,100	209,688
Changes in proportion and differences between Authority contributions and proportionate share of contributions	19,051	39,397	-	18,783	19,051	58,180
Authority contributions subsequent to the measurement date	183,797	-	8,640	-	192,437	-
<b>Total</b>	<u>\$ 674,813</u>	<u>\$ 234,562</u>	<u>\$ 164,014</u>	<u>\$ 164,831</u>	<u>\$ 838,827</u>	<u>\$ 399,393</u>

The \$192,437 of deferred outflows of resources (\$152,081 of pension and \$40,356 of OPEB) resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension & OPEB expense as follows:

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 7: Pension Plans (Continued)**

Year Ending	Pension	OPEB
2019	\$ 216,664	\$ (851)
2020	91,476	(851)
2021	(37,362)	(851)
2022	(14,324)	9,557
2023	-	(10,371)
Thereafter	-	(6,090)
	<u>\$ 256,454</u>	<u>\$ (9,457)</u>

**Actuarial Assumptions** - The total pension liability was determined using the following actuarial assumptions from the actuarial valuation as of June 30, 2018:

**For both Pension and OPEB**

Actuarial Cost Method	Entry Age
Amortization Method	Level % of Payroll
Remaining Amortization Period	27 years, Closed
Asset Valuation Method	20% of the difference between market value of assets and expected actuarial valuation of assets
Inflation	3.25%
Salary Increases	4.00% average
Investment Rate of Return	7.50%

**Additional for OPEB**

Healthcare trend rates (pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare trend rates (post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females).

**Discount rate and projection of cash flows**

The discount rate used to measure the total pension liability was 6.25% and 5.85% for the OPEB plan.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 7: Pension Plans (Continued)**

For the pension liability, a single discount rate of 6.25% was used to measure the total pension liability for the fiscal year ending June 30, 2018. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate assumes that the State contributes the actuarially determined contribution rate in all future years.

For the OPEB liability, the single discount rates of 5.85% was used to measure the total OPEB liability as of June 30, 2018. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2018. Future contributions projection is based on each participating employer to contribute the actuarially determined contribution rate, which is determined using a closed funding period (25 years as of June 30, 2018) and actuarial assumptions. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Pension		OPEB	
	Discount Rate	Authority's Proportionate Share of Net Pension Liability	Discount Rate	Authority's Proportionate Share of Net OPEB Liability
1% decrease	5.25%	\$3,359,707	4.85%	\$1,010,471
Current discount rate	6.25%	\$2,668,772	5.85%	\$777,980
1% increase	7.25%	\$2,089,889	6.85%	\$579,940

**Plan Fiduciary Net Position**

Detailed information about the fiduciary net position is available in the separately issued stand-alone financial reports.

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 8: Schedule of Changes in Net Position**

	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
Balance, beginning of year	\$ 9,705,762	\$ 567,478	\$ 3,345,300	\$ 13,618,540
Decrease in net position	-	-	(214,381)	(214,381)
Change in net investment in capital assets	(905,568)	-	905,568	-
Change in restricted net assets	-	1,179	(1,179)	-
Balance, end of year	<u>\$ 8,800,194</u>	<u>\$ 568,657</u>	<u>\$ 4,035,308</u>	<u>\$ 13,404,159</u>

**NOTE 9: Risk Management**

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance covering property, casualty, employee dishonesty and public official's liability.

**NOTE 10: Commitments & Contingencies**

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of March 31, 2019.

**NOTE 11: Supplemental Information**

The supplemental information has been included in order to show the financial statements of the Authority on the GAAP basis of accounting, but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Authority.

**NOTE 12: Subsequent Events**

In preparing these financial statements, management evaluated subsequent events after March 31, 2019 and through October 25, 2019, the date the financial statements were available to be issued, and no events were identified that would require recognition or disclosure within these financial statements.



**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 13: Segment Information – Paducah Housing Services, Inc. (“PHS”)**

The following condensed component unit information represents PHS, a blended component unit of the Authority, as of and for the year ended March 31, 2019:

**Condensed Statement of Net Position**

<b>Assets</b>	
Current assets	\$ 1,124,176
Capital assets, net	1,775
Other noncurrent assets	1,262,804
Total assets	<u>\$ 2,388,755</u>
<b>Liabilities</b>	
Current liabilities	\$ 2,202
Total liabilities	<u>2,202</u>
<b>Net position</b>	
Net investment in capital assets	1,775
Unrestricted	2,384,778
Total net position	<u>2,386,553</u>
Total liabilities and net position	<u>\$ 2,388,755</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

<b>Operating revenues and (expenses):</b>	
Rental revenue	\$ -
Other operating revenues	21,900
Depreciation	(93)
Other operating expenses	(15,491)
Operating income	<u>6,316</u>
<b>Nonoperating revenues and (expenses)</b>	
Interest income	19,291
Change in net position	<u>25,607</u>
Beginning net position	<u>2,360,946</u>
Ending net position	<u>\$ 2,386,553</u>

**Condensed Statement of Cash Flows**

<b>Net cash provided by:</b>	
Operating activities	\$ 10,021
Capital and related financing activities	-
Investing activities	73,623
Net increase in cash	<u>83,644</u>
Beginning cash	1,015,496
Ending cash	<u>\$ 1,099,140</u>

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

**Notes to Financial Statements**

March 31, 2019

**NOTE 14: Financial Statement Information – Discrete Component Units**

The combining state of net position for the discretely presented component units as of December 31, 2018 is as follows:

	SCHOLAR HOUSE OF PADUCAH, LLLP	CUMBERLAND VILLAGE OF MIDDLESBORO, LLLP	TOTAL
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
<b>CASH AND INVESTMENTS</b>			
UNRESTRICTED	\$ 12,287	\$ 61,173	\$ 73,460
RESTRICTED	251,700	497,057	748,757
RESTRICTED - SECURITY DEPOSIT	9,881	19,954	29,835
ACCOUNTS RECEIVABLE- TENANTS	2,799	640	3,439
PREPAID EXPENSES	12,966	11,910	24,876
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 289,633</b>	<b>\$ 590,734</b>	<b>\$ 880,367</b>
<b>FIXED ASSETS</b>			
LAND	\$ 116,400	\$ 130,000	\$ 246,400
BUILDING & IMPROVEMENTS	7,761,284	4,591,767	12,353,051
FURNITURE	340,000	100,000	440,000
ACCUMULATED DEPRECIATION	(1,586,170)	(498,822)	(2,084,992)
<b>NET FIXED ASSETS</b>	<b>\$ 6,631,514</b>	<b>\$ 4,322,945</b>	<b>\$ 10,954,459</b>
<b>OTHER ASSETS:</b>			
PREPAID ASSET MANAGEMENT FEES	\$ -	\$ 36,389	\$ 36,389
<b>TOTAL OTHER ASSETS</b>	<b>\$ -</b>	<b>\$ 36,389</b>	<b>\$ 36,389</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,921,147</b>	<b>\$ 4,950,068</b>	<b>\$ 11,871,215</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
CASH OVERDRAFT			
ACCOUNTS PAYABLE	\$ 541	\$ -	\$ 541
DUE TO RELATED PARTY	-	20,000	20,000
SECURITY DEPOSIT LIABILITY	9,399	19,228	28,627
CURRENT MATURITIES OF LONG TERM DEBT	25,800	13,623	39,423
<b>TOTAL CURRENT LIABILITIES</b>	<b>35,740</b>	<b>52,851</b>	<b>88,591</b>
<b>LONG TERM LIABILITIES</b>			
NOTES/MORTGAGES PAYABLE	541,168	603,183	1,144,351
RELATED PARTY LOANS	279,507	1,040,253 *	1,319,760
<b>TOTAL LONG TERM LIABILITIES</b>	<b>820,675</b>	<b>1,643,436</b>	<b>2,464,111</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 856,415</b>	<b>\$ 1,696,287</b>	<b>\$ 2,552,702</b>
<b>NET POSITION:</b>			
NET INVESTMENT IN CAPITAL ASSETS	\$ 6,064,546	\$ 3,706,139	\$ 9,770,685
RESTRICTED NET POSITION	252,182	272,783	524,965
UNRESTRICTED NET POSITIONS	(251,996)	(725,141)	(977,137)
<b>TOTAL NET POSITION</b>	<b>\$ 6,064,732</b>	<b>\$ 3,253,781 *</b>	<b>\$ 9,318,513</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 6,921,147</b>	<b>\$ 4,950,068</b>	<b>\$ 11,871,215</b>

\* The December 31, 2018 audited financials for Cumberland Village of Middlesboro, LLLP showed \$652,855 of related party debt as partners' equity. As such, this amount was reclassified for this summary and presentation purposes (see Note 4). See below for reconciliation to the audited financials:

Related party loans as originally reported	\$ 387,398
Plus additional related party debt (as noted above)	652,855
Related party loans (as shown above)	<u>\$ 1,040,253</u>

**THE HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Notes to Financial Statements

March 31, 2019

**NOTE 14: Financial Statement Information – Discrete Component Units (Continued)**

The combining statement of revenue, expenses and changes in fund net position for the discretely presented component units for the year ended December 31, 2018 is as follows:

	SCHOLAR HOUSE OF PADUCAH, LLLP	CUMBERLAND VILLAGE OF MIDDLESBORO, LLLP	TOTAL
<b>OPERATING REVENUE</b>			
RENTAL INCOME	\$ 393,984	\$ 324,310	\$ 718,294
VACANCIES AND CONCESSIONS	(31,746)	(9,844)	(41,590)
	362,238	314,466	676,704
OTHER INCOME	11,397	13,951	25,348
<b>TOTAL OPERATING REVENUE</b>	<b>373,635</b>	<b>328,417</b>	<b>702,052</b>
<b>OPERATING EXPENSES</b>			
ADMINISTRATIVE EXPENSES	81,636	67,340	148,976
ASSET MANAGEMENT FEES	7,164	3,333	10,497
UTILITIES	97,781	48,953	146,734
ORDINARY MAINTENANCE	68,938	52,523	121,461
GENERAL EXPENSES	51,919	50,101	102,020
DEPRECIATION	242,366	127,128	369,494
<b>TOTAL OPERATING EXPENSES</b>	<b>549,804</b>	<b>349,378</b>	<b>899,182</b>
<b>NET INCOME OR LOSS FROM OPERATIONS</b>	<b>(176,169)</b>	<b>(20,961)</b>	<b>(197,130)</b>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
INTEREST INCOME	534	120	654
INTEREST EXPENSE	(44,978)	(26,116)	(71,094)
<b>TOTAL OTHER Expenses</b>	<b>(44,444)</b>	<b>(25,996)</b>	<b>(70,440)</b>
<b>NET LOSS BEFORE CAPITAL GRANTS</b>	<b>(220,613)</b>	<b>(46,957)</b>	<b>(267,570)</b>
<b>NET CAPITAL CONTRIBUTIONS (DISTRIBUTIONS)</b>	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(220,613)</b>	<b>(46,957)</b>	<b>(267,570)</b>
<b>NET POSITION - BEGINNING</b>	<b>6,285,345</b>	<b>3,300,738</b>	<b>9,586,083</b>
<b>NET POSITION - ENDING</b>	<b>\$ 6,064,732</b>	<b>\$ 3,253,781</b>	<b>\$ 9,318,513</b>

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Schedule of Authority's Proportionate Share of the Net Pension and OPEB Liability

County Employees Retirement System

March 31, 2019

As of Plan's Measurement Dates of:	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
<b><u>Pension Plan</u></b>				
Authority's proportion of the net pension liability (asset)	0.043820%	0.044820%	0.045180%	0.041000%
Authority's proportionate share of the net pension liability (asset)	\$ 2,668,772	\$ 2,623,394	\$ 2,224,436	\$ 1,762,808
Authority's covered-employee payroll	\$ 1,288,178	\$ 1,185,071	\$ 1,205,534	\$ 1,067,135
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.17%	221.37%	184.52%	165.19%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%	66.80%
<b><u>OPEB Plan:</u></b>				
Authority's proportion of the net OPEB liability (asset)	0.043820%	0.044820%	** N/A	** N/A
Authority's proportionate share of the net OPEB liability (asset)	\$ 777,980	\$ 901,015	\$ N/A	\$ N/A
Authority's covered-employee payroll	\$ 1,288,178	\$ 1,185,071	\$ N/A	\$ N/A
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	60.39%	76.03%	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.40%	N/A	N/A

\*\* Not applicable - no information for these dates as GASB 75 was adopted in Fiscal Year March 31, 2018.

**Note to Schedule:**

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See auditor's report.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Schedule of Authority Contributions

County Employees Retirement System

March 31, 2019

	For the fiscal year ending:	<u>3/31/2019</u>	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2016</u>
<b><u>Pension Plan</u></b>					
Actuarially determined contributions	\$	239,991	\$ 214,553	\$ 219,507	\$ 183,842
Contributions in relation to the actuarially determined contributions		<u>(239,991)</u>	<u>(214,553)</u>	<u>(219,507)</u>	<u>\$ (183,842)</u>
Contribution deficiency (excess)	\$	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's covered-employee payroll	\$	1,288,178	\$ 1,185,071	\$ 1,205,534	\$ 1,067,135
Contributions as a percentage of covered-employee payroll		18.63%	18.10%	18.21%	17.23%
<b><u>OPEB Plan:</u></b>					
Actuarially determined contributions	\$	3,987	\$ 4,012	\$ N/A	\$ N/A
Contributions in relation to the actuarially determined contributions		<u>(3,987)</u>	<u>(4,012)</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	\$	<u>-</u>	\$ <u>-</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
Authority's covered-employee payroll	\$	1,288,178	\$ 1,185,071	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll		0.31%	0.34%	N/A	N/A

\*\* Not applicable - no information for these dates as GASB 75 was adopted in Fiscal Year March 31, 2018.

**Note to Schedule:**

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See auditor's report.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Statement and Certification of Actual Capital Fund Program Costs - Completed

March 31, 2019

Annual Contributions Contract

1. The capital fund program costs are as follows:

	<b>KY36P006501-15</b>	<b>TOTAL</b>
Funds approved	\$ 1,051,655	\$ 1,051,655
Funds expended	1,051,655	1,051,655
Excess (deficiency) of funds approved	\$ -	\$ -
Funds advanced	\$ 1,051,655	\$ 1,051,655
Funds expended	1,051,655	1,051,655
Excess (deficiency) of funds advanced	\$ -	\$ -
2. Costs incurred during the current audit period	\$ 37,500	\$ 37,500

3. All costs have been paid and all related liabilities have been discharged through payment.

4. The Actual Modernization Cost Certificate, submitted to HUD, is in agreement with the Authority's records.

See auditor's report.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Statement of Capital Fund Program Costs - Uncompleted

March 31, 2019

Annual Contributions Contract

1. The capital fund (CFP) program costs are as follows:

	KY36P00650 1-16	KY36P00650 1-17	KY36P00650 1-18	TOTAL
Funds approved	\$ 1,087,550	\$ 1,125,068	\$ 1,746,581	\$ 3,959,199
Funds expended	1,077,250	900,991	-	1,978,241
Excess (deficiency) of funds approved	\$ 10,300	\$ 224,077	\$ 1,746,581	\$ 1,980,958
Funds advanced	\$ 1,077,250	\$ 900,991	\$ -	\$ 1,978,241
Funds expended	1,077,250	900,991	-	1,978,241
Excess (deficiency) of funds advanced	\$ -	\$ -	\$ -	\$ -
2. Costs incurred during the current audit period	\$ 565,017	\$ 900,991	\$ -	\$ 1,466,008



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  
The Housing Authority of Paducah  
Paducah, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Paducah (the "Authority"), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 25, 2019.

Our report includes a reference to other auditors who audited the financial statements of Scholar House of Paducah, LLLP and Cumberland Village of Middlesboro, LLLP (two discretely presented component units collectively referred to as the "Discrete Component Units"), as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Discrete Component Units were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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



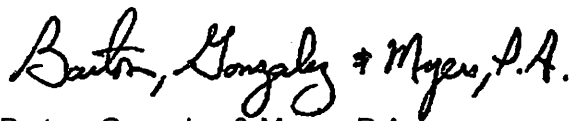
## **Compliance and Other Matters**

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

We noted certain other matters that we reported to management of the Authority in a separate letter dated October 25, 2019.

## **Purpose of this Report**

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



Barton, Gonzalez & Myers, P.A.  
Certified Public Accountants  
October 25, 2019



**Barton,  
Gonzalez  
& Myers, P.A.**  
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
The Housing Authority of Paducah  
Paducah, Kentucky

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

We have audited the Housing Authority of Paducah's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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

In our opinion, the 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 March 31, 2019.

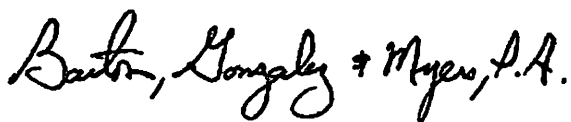
## Report on Internal Control Over Compliance

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

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

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

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



Barton, Gonzalez & Myers, P.A.  
Certified Public Accountants  
October 25, 2019

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Schedule of Findings and Questioned Costs

March 31, 2019

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**Section I - Summary of Auditor's Results:**

**Financial Statements**

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal controls over major program:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of report issued on the compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Identification of Major programs:	14.850 Public and Indian Housing
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did the Authority qualify as a low-risk auditee?	No

**Section II - Financial Statement Findings:**

There were no findings relating to this area for the period ended March 31, 2019.

**Section III - Federal Awards:**

There were no findings relating to this area for the period ended March 31, 2019.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Summary Schedule of Prior Year Findings

March 31, 2019

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The prior audit report for the year ended March 31, 2018 disclosed the following audit findings:

**2018-001 Financial Reporting**

*Material Weakness in Internal Control*  
*Repeat finding of prior year Finding 2017-001*

**Condition:** During our audit of the Authority's financial statements, we detected certain deficiencies in internal control over financial reporting, as described below, which are identified as a material weakness in internal control over financial reporting in accordance with auditing standards generally accepted in the United States of America, AU-C Section 265 ("AU-C 265").

- As a result of the audit, material prior period adjustments of \$1,394,145 were recorded for related party notes receivable.

**Recommendation:** To ensure that the Authority's books and records are up-to date, accurate and ready for audit, we recommend the Authority perform year-end reconciliations of all significant accounts before submitting its unaudited REAC filing. The personnel of the Authority are more than qualified to perform these procedures and do not require any additional training for this task.

**Current Status:** This finding has been corrected.

**2018-002 Eligibility – Tenant Files**

*Public and Indian Housing Program – CFDA Number 14.850*  
*Significant Deficiency in Internal Control*  
*Other matter required to be reported in accordance with the Uniform Guidance*  
*Repeat finding of prior year Finding 2017-002*

**Condition:** Out of a total tenant population of approximately 854 tenants, 25 files were selected for testing. Exceptions were noted as follows:

- 1 error was noted in the tenant's income calculation (the error was immaterial and resulted in very minor differences in the tenant rent amount).
- 3 instances where the signed HUD 9886 form was missing from the tenant file.
- 3 instances where the 214 form was missing from the tenant file but the file contained birth certificates, which revealed that the tenant was an American Citizen.
- 1 instance where the 214 form and the birth certificate was missing from the tenant file.
- 1 error was noted in the tenant's expense calculation (the error was immaterial and resulted in very minor differences in the tenant rent amount).
- 2 instances where the EIV forms were not generated for the tenant's annual recertification.

**Recommendation:** The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Summary Schedule of Prior Year Findings

March 31, 2019

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2018-002 Eligibility – Tenant Files *(Continued)*

Current Status: This finding has been corrected.

2018-003 Special Tests and Provisions – Waiting List

Public and Indian Housing Program – CFDA Number 14.850

*Material Weakness in Internal Control*

*Material Noncompliance*

*Repeat finding of prior year Finding 2017-003*

Condition: Out of a total population of approximately 310 applicants on the current waiting list, we selected 25 files for testing. We noted the following exceptions on the waiting list:

- 1 instance where the applicant was put onto a waiting list that the applicant did not apply too.
- 2 instances where the applicants applied to a waiting list property but was never put on the waiting list.
- 1 instance where the time on the application did not agree to the time on the waiting list.
- 1 instance where the applicant should have received a higher preference point than what they were given.
- 1 instance where the applicant should have received a lower preference point than what they were given.

Recommendation: The Authority should implement a review procedure to make sure that all eligible applicants are included on the proper site-based waiting list, that dates and preference points are accurate on the waiting list, that criminal background checks are run on all applicants and that preference points are verified at the time of admission.

Current Status: This finding has been corrected.

**HOUSING AUTHORITY OF PADUCAH**  
Paducah, Kentucky

Schedule of Expenditures of Federal Awards

For the Year Ended March 31, 2019

<u>FEDERAL GRANTOR</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Disbursements or Expenditures</u>
<b>U. S. Department of HUD</b>			
Public Housing:			
Public and Indian Housing	* + 14.850	\$ 2,321,229	\$ 2,321,229
Public Housing Capital Fund	* 14.872	5,010,854	1,503,508
<b>TOTAL</b>		<u><u>\$ 7,332,083</u></u>	<u><u>\$ 3,824,737</u></u>

This schedule includes the federal grant activity of the Housing Authority of Paducah and is presented on full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance (Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Authority has not elected to use the 10% de minimis cost rate.

- \* Type A Program
- \*\* Type B Program
- + Major Program

*See auditor's report.*



October 25, 2019

Board of Commissioners  
The Housing Authority of Paducah  
Paducah, Kentucky

Dear Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of Paducah for the year ended March 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) 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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

However, during our audit we became aware of certain matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated October 25, 2019, on the financial statements of the Housing Authority of Paducah.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Authority personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

**Current Year Comments:**

**MC2019-001 Depreciation of Fixed Assets:**

- We noted some errors in calculating depreciation expense resulting in an understatement of \$63,409 (which was adjusted on the financial statements). Depreciation formulas and calculations in the AMPs should be carefully reviewed before posting the expense to the general ledger.
- Also, accumulated depreciation appears to be understated by approximately \$496,000 (due to incorrect useful lives used in the calculation of depreciation) although this has no impact on current year depreciation expense. We recognize that depreciation expense is an estimate, however, we recommend the Authority give careful consideration to the appropriate useful lives when adding fixed assets to the depreciation schedule.

**MC2019-002 Public Housing Tenant File Testing:**

Out of a total tenant population of approximately 815 tenants, 25 files were selected for testing. Exceptions were noted as follows:

- 1 instance where the 214 form was missing from the tenant file but the file contained birth certificates, which revealed that the tenant was an American Citizen.
- 2 instances where the EIV forms were not generated for the tenant's annual recertification.

The Authority should assure that all required tenants sign a Form 214 affidavit and that EIV forms are run for all annual recertifications.



MC2019-003 Public Housing New Admissions Testing:

Out of a total population of 135 new admission, 14 files were selected for testing. Exceptions were noted as follows:

- 2 instances where the applicants should have received a higher preference point than what they were given. However, this had no impact on when the tenant would be selected to be housed.
- 1 instance where the date on the application did not agree to the date on the waiting list. However, this had no effect on the tenant's placement on the waiting list.
- 2 instances where the time on the application did not agree to the time on the waiting list. However, this had no effect on the tenants' placement on the waiting list.

Care should be taken to assure that applicants are assigned the correct preference points and that the date and time on the application agree to the waiting list to assure that applicants are properly ranked and selected from the waiting list.

MC2019-004 Public Housing Waiting List Testing:

Out of a total population of 296 applicants, 25 files were selected for testing. Exceptions were noted as follows:

- 1 instance where the applicant was put onto 3 other waiting lists where the applicant did not apply. This caused misplacement for the other applicants on the waiting list.
- 1 instance where the time on the application did not agree to the time on the waiting list. However, this had no effect on the applicant's placement on the waiting list.

Care should be taken to assure that applicants are listed on the correct waiting lists and that the date and time on the application agree to the waiting list to assure that applicants are properly ranked and selected from the waiting list.

MC2019-005 Public Housing Utility Allowance Testing:

We noted the Authority performed a utility allowance study for utility rates that would have been effective January 1, 2019. However, the updated utility allowance rates were never implemented which impacted about 114 units. Although the net effect of the change in the utility allowance was immaterial, we recommend the Authority exercise due care when assigning the utility allowance for its tenant owned utility units.

No other conditions came to our attention that should be disclosed. It appears that management makes every effort to ensure that financial data is reliable and that the Authority's assets are safeguarded against fraud and abuse.

Very truly yours,



Barton, Gonzalez & Myers, P.A.

## Financial Data Schedule

Housing Authority of Paducah (KY006)  
Paducah, KY

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,773,488	\$73,460	\$1,099,140		\$2,217,031	\$6,163,119		\$6,163,119
112 Cash - Restricted - Modernization and Development	\$0					\$0		\$0
113 Cash - Other Restricted	\$568,657	\$748,757				\$1,317,414		\$1,317,414
114 Cash - Tenant Security Deposits	\$197,055	\$29,835				\$226,890		\$226,890
115 Cash - Restricted for Payment of Current Liabilities	\$0					\$0		\$0
100 Total Cash	\$3,539,200	\$852,052	\$1,099,140	\$0	\$2,217,031	\$7,707,423	\$0	\$7,707,423
121 Accounts Receivable - PHA Projects	\$0					\$0		\$0
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government	\$0					\$0		\$0
125 Accounts Receivable - Miscellaneous	\$1,500		\$2,460		\$21,748	\$25,708		\$25,708
126 Accounts Receivable - Tenants	\$61,022	\$3,439	\$2,102			\$66,563		\$66,563
126.1 Allowance for Doubtful Accounts - Tenants	(\$31,209)	\$0	\$0			(\$31,209)		(\$31,209)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$25,382		\$20,000			\$45,382		\$45,382
128 Fraud Recovery	\$0					\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0					\$0		\$0
129 Accrued Interest Receivable	\$0					\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$56,695	\$3,439	\$24,562	\$0	\$21,748	\$106,444	\$0	\$106,444
131 Investments - Unrestricted	\$0					\$0		\$0
132 Investments - Restricted	\$0					\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0					\$0		\$0
142 Prepaid Expenses and Other Assets	\$69,952	\$24,876	\$474		\$6,768	\$102,070		\$102,070
143 Inventories	\$59,900					\$59,900		\$59,900
143.1 Allowance for Obsolete Inventories	(\$6,005)					(\$6,005)		(\$6,005)
144 Inter Program Due From	\$1,100		\$0		\$0	\$1,100	(\$1,100)	\$0
145 Assets Held for Sale	\$0					\$0		\$0
150 Total Current Assets	\$3,720,842	\$880,367	\$1,124,176	\$0	\$2,245,547	\$7,970,932	(\$1,100)	\$7,969,832
161 Land	\$732,298	\$246,400				\$978,698		\$978,698
162 Buildings	\$44,838,295	\$12,353,051	\$2,500			\$57,193,846		\$57,193,846
163 Furniture, Equipment & Machinery - Dwellings	\$351,408	\$440,000				\$791,408		\$791,408
164 Furniture, Equipment & Machinery - Administration	\$995,953		\$21,275		\$100,249	\$1,117,477		\$1,117,477
165 Leasehold Improvements	\$0					\$0		\$0
166 Accumulated Depreciation	(\$34,336,481)	(\$2,084,992)	(\$22,000)		(\$78,979)	(\$36,522,452)		(\$36,522,452)
167 Construction in Progress	\$0					\$0		\$0
168 Infrastructure	\$0					\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,581,473	\$10,954,459	\$1,775	\$0	\$21,270	\$23,558,977	\$0	\$23,558,977
171 Notes, Loans and Mortgages Receivable - Non-Current			\$1,262,804			\$1,262,804		\$1,262,804
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current	\$0					\$0		\$0
174 Other Assets	\$0	\$36,389				\$36,389		\$36,389
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$12,581,473	\$10,990,848	\$1,264,579	\$0	\$21,270	\$24,858,170	\$0	\$24,858,170
200 Deferred Outflow of Resources	\$621,774				\$217,053	\$838,827		\$838,827
290 Total Assets and Deferred Outflow of Resources	\$16,924,089	\$11,871,215	\$2,388,755	\$0	\$2,483,870	\$33,667,929	(\$1,100)	\$33,666,829
311 Bank Overdraft	\$0					\$0		\$0
312 Accounts Payable <= 90 Days	\$114,352	\$541	\$1,102		\$4,103	\$120,098		\$120,098
313 Accounts Payable >90 Days Past Due	\$0					\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$86,034				\$35,170	\$121,204		\$121,204

Housing Authority of Paducah (KY006)  
Paducah, KY  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities	COCC	Subtotal	ELIM	Total
322 Accrued Compensated Absences - Current Portion	\$13,398				\$3,553	\$16,951		\$16,951
324 Accrued Contingency Liability	\$0					\$0		\$0
325 Accrued Interest Payable	\$49,601					\$49,601		\$49,601
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects	\$0					\$0		\$0
333 Accounts Payable - Other Government	\$146,203					\$146,203		\$146,203
341 Tenant Security Deposits	\$197,056	\$28,627				\$225,683		\$225,683
342 Unearned Revenue	\$8,535					\$8,535		\$8,535
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$575,991	\$39,423				\$615,414		\$615,414
344 Current Portion of Long-term Debt - Operating Borrowings	\$0					\$0		\$0
345 Other Current Liabilities	\$17,572				\$7,257	\$24,829		\$24,829
346 Accrued Liabilities - Other	\$0	\$20,000				\$20,000		\$20,000
347 Inter Program - Due To	\$0		\$1,100			\$1,100	(\$1,100)	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$1,208,742	\$88,591	\$2,202	\$0	\$50,083	\$1,349,618	(\$1,100)	\$1,348,518
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,228,333	\$1,144,351				\$4,372,684		\$4,372,684
352 Long-term Debt, Net of Current - Operating Borrowings	\$0					\$0		\$0
353 Non-current Liabilities - Other	\$0	\$1,319,760				\$1,319,760		\$1,319,760
354 Accrued Compensated Absences - Non Current	\$51,064				\$5,986	\$57,050		\$57,050
355 Loan Liability - Non Current								
356 FASB 5 Liabilities	\$0					\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$2,554,877				\$891,875	\$3,446,752		\$3,446,752
350 Total Non-Current Liabilities	\$5,834,274	\$2,464,111	\$0	\$0	\$897,861	\$9,196,246	\$0	\$9,196,246
300 Total Liabilities	\$7,043,016	\$2,552,702	\$2,202	\$0	\$947,944	\$10,545,864	(\$1,100)	\$10,544,764
400 Deferred Inflow of Resources	\$296,047				\$103,346	\$399,393		\$399,393
508.4 Net Investment in Capital Assets	\$8,777,149	\$9,770,685	\$1,775		\$21,270	\$18,570,879		\$18,570,879
511.4 Restricted Net Position	\$568,657	\$524,965				\$1,093,622		\$1,093,622
512.4 Unrestricted Net Position	\$239,220	(\$977,137)	\$2,384,778	\$0	\$1,411,310	\$3,058,171		\$3,058,171
513 Total Equity - Net Assets / Position	\$9,585,026	\$9,318,513	\$2,386,553	\$0	\$1,432,580	\$22,722,672	\$0	\$22,722,672
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$16,924,089	\$11,871,215	\$2,388,755	\$0	\$2,483,870	\$33,667,929	(\$1,100)	\$33,666,829

**Housing Authority of Paducah (KY006)**  
**Paducah, KY**  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,375,320	\$676,704				\$3,052,024		\$3,052,024
70400 Tenant Revenue - Other	\$450,549					\$450,549		\$450,549
70500 Total Tenant Revenue	\$2,825,869	\$676,704	\$0	\$0	\$0	\$3,502,573	\$0	\$3,502,573
70600 HUD PHA Operating Grants	\$2,707,737					\$2,707,737		\$2,707,737
70610 Capital Grants	\$1,117,000					\$1,117,000		\$1,117,000
70710 Management Fee					\$806,079	\$806,079	(\$806,079)	\$0
70720 Asset Management Fee					\$105,000	\$105,000	(\$105,000)	\$0
70730 Book Keeping Fee					\$75,113	\$75,113	(\$75,113)	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$986,192	\$986,192	(\$986,192)	\$0
70800 Other Government Grants	\$0					\$0		\$0
71100 Investment Income - Unrestricted	\$49,835	\$654	\$19,291		\$36,179	\$105,959		\$105,959
71200 Mortgage Interest Income	\$0					\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0					\$0		\$0
71310 Cost of Sale of Assets	\$0					\$0		\$0
71400 Fraud Recovery	\$0					\$0		\$0
71500 Other Revenue	\$313,797	\$25,348	\$21,900		\$7,782	\$368,827		\$368,827
71600 Gain or Loss on Sale of Capital Assets	\$4,500					\$4,500		\$4,500
72000 Investment Income - Restricted	\$1,197					\$1,197		\$1,197
70000 Total Revenue	\$7,019,935	\$702,706	\$41,191	\$0	\$1,030,153	\$8,793,985	(\$986,192)	\$7,807,793
91100 Administrative Salaries	\$297,803	\$62,830			\$268,652	\$629,285		\$629,285
91200 Auditing Fees	\$15,475	\$8,615	\$4,965		\$4,360	\$33,415		\$33,415
91300 Management Fee	\$806,080	\$50,164				\$856,244	(\$806,079)	\$50,165
91310 Book-keeping Fee	\$73,913	\$5,184	\$1,200			\$80,297	(\$75,113)	\$5,184
91400 Advertising and Marketing	\$1,115	\$543			\$168	\$1,826		\$1,826
91500 Employee Benefit contributions - Administrative	\$266,526				\$177,876	\$444,402		\$444,402
91600 Office Expenses	\$87,118	\$12,600	\$986		\$48,939	\$149,643		\$149,643
91700 Legal Expense	\$40,852	\$806	\$344		\$16,919	\$58,921		\$58,921
91800 Travel	\$4,126	\$952	\$52		\$12,980	\$18,110		\$18,110
91810 Allocated Overhead	\$8,143					\$8,143		\$8,143
91900 Other	\$4,779	\$7,282	\$6,881		\$22,852	\$41,794		\$41,794
91000 Total Operating - Administrative	\$1,605,930	\$148,976	\$14,428	\$0	\$552,746	\$2,322,080	(\$881,192)	\$1,440,888
92000 Asset Management Fee	\$105,000	\$10,497				\$115,497	(\$105,000)	\$10,497
92100 Tenant Services - Salaries	\$0					\$0		\$0
92200 Relocation Costs	\$0					\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0					\$0		\$0
92400 Tenant Services - Other	\$87,035					\$87,035		\$87,035
92500 Total Tenant Services	\$87,035	\$0	\$0	\$0	\$0	\$87,035	\$0	\$87,035
93100 Water	\$248,740	\$15,352				\$264,092		\$264,092
93200 Electricity	\$806,966	\$84,747				\$691,713		\$691,713
93300 Gas	\$350,367	\$32,233				\$382,600		\$382,600
93400 Fuel	\$0					\$0		\$0
93500 Labor	\$0					\$0		\$0
93600 Sewer	\$0					\$0		\$0
93700 Employee Benefit Contributions - Utilities	\$0					\$0		\$0
93800 Other Utilities Expense	\$0	\$14,402				\$14,402		\$14,402
93000 Total Utilities	\$1,206,073	\$146,734	\$0	\$0	\$0	\$1,352,807	\$0	\$1,352,807

Housing Authority of Paducah (KY006)  
Paducah, KY

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$802,252	\$22,952	\$512		\$2,307	\$828,023		\$828,023
94200 Ordinary Maintenance and Operations - Materials and Other	\$242,543	\$57,639			\$8,953	\$309,135		\$309,135
94300 Ordinary Maintenance and Operations Contracts	\$305,606	\$40,870			\$2,327	\$348,803		\$348,803
94500 Employee Benefit Contributions - Ordinary Maintenance	\$435,822					\$435,822		\$435,822
94000 Total Maintenance	\$1,786,223	\$121,461	\$512	\$0	\$13,587	\$1,921,783	\$0	\$1,921,783
95100 Protective Services - Labor	\$0					\$0		\$0
95200 Protective Services - Other Contract Costs	\$0					\$0		\$0
95300 Protective Services - Other	\$0					\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0					\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$208,941	\$32,762			\$5,818	\$247,521		\$247,521
96120 Liability Insurance	\$34,515				\$3,347	\$37,862		\$37,862
96130 Workmen's Compensation	\$0					\$0		\$0
96140 All Other Insurance	\$17,230				\$8,012	\$25,242		\$25,242
96100 Total Insurance Premiums	\$260,686	\$32,762	\$0	\$0	\$17,177	\$310,625	\$0	\$310,625
96200 Other General Expenses	\$18,659	\$45,262	\$551		\$16	\$64,488		\$64,488
96210 Compensated Absences	\$56,133				\$18,757	\$74,890		\$74,890
96300 Payments in Lieu of Taxes	\$146,203	\$15,837				\$162,040		\$162,040
96400 Bad debt - Tenant Rents	\$124,118	\$8,159				\$132,277		\$132,277
96500 Bad debt - Mortgages	\$0					\$0		\$0
96600 Bad debt - Other	\$0					\$0		\$0
96800 Severance Expense	\$0					\$0		\$0
96000 Total Other General Expenses	\$345,113	\$69,258	\$551	\$0	\$18,773	\$433,695	\$0	\$433,695
96710 Interest of Mortgage (or Bonds) Payable	\$130,969	\$71,094				\$202,063		\$202,063
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs	\$0					\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$130,969	\$71,094	\$0	\$0	\$0	\$202,063	\$0	\$202,063
96900 Total Operating Expenses	\$5,527,029	\$600,782	\$15,491	\$0	\$602,283	\$6,745,585	(\$986,192)	\$5,759,393
97000 Excess of Operating Revenue over Operating Expenses	\$1,492,906	\$101,924	\$25,700	\$0	\$427,870	\$2,048,400	\$0	\$2,048,400
97100 Extraordinary Maintenance	\$0					\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0					\$0		\$0
97300 Housing Assistance Payments	\$17,287					\$17,287		\$17,287
97350 HAP Portability-In	\$0					\$0		\$0
97400 Depreciation Expense	\$2,131,255	\$369,494	\$93		\$12,222	\$2,513,064		\$2,513,064
97500 Fraud Losses	\$0					\$0		\$0
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense	\$0					\$0		\$0
90000 Total Expenses	\$7,675,571	\$970,276	\$15,584	\$0	\$614,505	\$9,275,936	(\$986,192)	\$8,289,744
10010 Operating Transfer In	\$0					\$0		\$0
10020 Operating transfer Out	\$0					\$0		\$0
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit	\$0					\$0		\$0
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss	\$0					\$0		\$0

Housing Authority of Paducah (KY006)  
Paducah, KY  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	1 Business Activities	COCC	Subtotal	ELIM	Total
10080 Special Items (Net Gain/Loss)	\$0					\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0					\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0					\$0		\$0
10093 Transfers between Program and Project - In	\$0					\$0		\$0
10094 Transfers between Project and Program - Out	\$0					\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$655,636)	(\$267,570)	\$25,607	\$0	\$415,648	(\$481,951)	\$0	(\$481,951)
11020 Required Annual Debt Principal Payments	\$549,578	\$35,797	\$0	\$0	\$0	\$585,375		\$585,375
11030 Beginning Equity	\$10,240,662	\$9,586,083	\$2,360,946	\$0	\$1,016,932	\$23,204,623		\$23,204,623
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0		\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	10,248	1,296	0		0	11,544		11,544
11210 Number of Unit Months Leased	9,776	1,236	0		0	11,012		11,012
11270 Excess Cash	\$1,391,220					\$1,391,220		\$1,391,220
11610 Land Purchases	\$0				\$0	\$0		\$0
11620 Building Purchases	\$757,000				\$0	\$757,000		\$757,000
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$16,271				\$0	\$16,271		\$16,271
11650 Leasehold Improvements Purchases	\$0				\$0	\$0		\$0
11660 Infrastructure Purchases	\$0				\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$475,700				\$0	\$475,700		\$475,700
13901 Replacement Housing Factor Funds	\$0				\$0	\$0		\$0