

HOLYOKE HOUSING AUTHORITY
Holyoke, Massachusetts

FINANCIAL STATEMENTS

December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Holyoke Housing Authority
Holyoke, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Holyoke Housing Authority, as of December 31, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplemental information presented on pages 38 through 41, as listed in the table of contents, 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 audits 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holyoke Housing Authority's basic financial statements. The supplemental information presented on pages 43 through 58, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information presented on pages 43 through 58 and the Schedule of Expenditures of Federal Awards are 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 supplemental information presented on pages 43 through 58 and the Schedule of Expenditures of Federal Awards is 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 issued our report dated August 14, 2017 on our consideration of the Holyoke Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.



Braintree, Massachusetts
August 14, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

HOLYOKE HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

The Holyoke Housing Authority (the Authority) operates and administers low-rent housing programs. These programs are funded in part by the Commonwealth of Massachusetts Department of Housing and Development (DHCD) and the United States Department of Housing and Urban Development (HUD). The HHA is governed by a five member board of Commissioners.

The Authority is considered by accounting principles accepted in the United States of America (Generally Accepted Accounting Principles or GAAP) to be a special purpose single purpose government accounted for as enterprise funds. That is, its chartered purpose is the housing of low and moderate income families and elderly individuals. All of the activities, programs and grants administered by the Authority are focused on that purpose. As a single purpose enterprise fund government the Authority reports both entity-wide level and individual fund level financial statements. These statements report financial information for each of the Authority's major funds, an aggregated total for all non-major funds and a combined total of all funds that represents the authority-wide financial position.

The Authority's 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, and (d) identify individual fund issues or concerns.

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$31,625,143 (net position).
- The net position of the Authority consisted of invested in capital assets of \$22,673,210, restricted net position of \$35,545 and unrestricted net position of \$8,916,388.
- The Authority had revenues of \$24,057,881 and expenses (exclusive of depreciation expense) of \$19,775,813 for the year ended March 31, 2017.

Balance Sheet

The balance sheet is prepared using the accrual basis of accounting and provides information relating to all financial and capital resources for the Authority as of the reporting date and related debts and other liabilities. The balance sheet is presented in a format where assets equal liabilities plus net position. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current." Net Position (formerly net assets) represents the cumulative effect of revenues and expenses. It is also the difference between assets and liabilities. Net position is reported in three broad categories:

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

Net Investment in Capital Assets (formerly Invested in Capital Assets - Net of Related Debt) 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 consists of assets that are restricted when constraints are placed on them by creditors (such as by debt covenants), grantors, such as HUD, contributors, laws, regulations, etc.

HOLYOKE HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

Statement of Revenue Expenses and Changes in Fund Net Position

This statement is similar to an Income Statement. This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and depreciation, Non-Operating revenue and expenses, such as grant revenue, investment income and interest expenses and capital contributions and operating transfers.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Statement of Cash Flows

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

The Authority's Funds

Business Type Funds - All of the Authority's funds are business type funds also called enterprise funds. The Authority has one major fund. There are no non-major funds.

Moving-to Work (MTW) – This is a demonstration program for public housing programs (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds.

Low Rent 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. The major grant programs that support the funds are:

The Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

State Conventional Public Housing – This program is run the same as the Federal program but receives Operating Subsidy from the Department of Housing & Community Development, the Massachusetts state housing office.

HUD Resident Opportunities for Self-Sufficiency Grants – a grant program funded by the Department of Housing and Urban Development that encourages economic self-sufficiency among the Authority's resident population.

HOLYOKE HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

State Modernization Programs – Grants awarded to the H/A for state conventional programs. This is on a project by project basis and as money becomes available. The funding comes from the DHCD and is awarded as funds are allotted through the State Bonds.

Mixed Population Coordinator Grant - This is a grant program to help elderly residents adjust to problems arising from non-elderly tenants residing in the same buildings.

Low Rent Leased Housing - This fund is used to account for leasing activities of properties that are not owned by the Authority. The Authority administers contracts with independent landlords.

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

State of Mass Rental Assistance Program – the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. A fee is earned for each unit leased. The funds come the State of Mass Department of Housing & Community Development (DHCD)

Authority-Wide Statements

STATEMENTS OF NET POSITION December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Current Assets	\$ 7,018,068	\$ 6,300,764	\$ 717,304	11.38%
Capital Assets	25,102,229	24,182,319	919,910	3.80%
Other Noncurrent Assets	<u>13,971,705</u>	<u>9,775,521</u>	<u>4,196,184</u>	42.93%
Total Assets	<u>46,092,002</u>	<u>40,258,604</u>	<u>5,833,398</u>	14.49%
Deferred Outflows of Resources	<u>2,669,292</u>	<u>1,188,959</u>	<u>1,480,333</u>	124.51%
Current Liabilities	2,468,283	1,479,071	989,212	66.88%
Noncurrent Liabilities	<u>14,297,787</u>	<u>10,230,505</u>	<u>4,067,282</u>	39.76%
Total Liabilities	<u>16,766,070</u>	<u>11,709,576</u>	<u>5,056,494</u>	43.18%
Deferred Inflows of Resources	<u>370,081</u>	<u>30,150</u>	<u>339,931</u>	1127.47%
Net Invested in Capital Assets	22,673,210	24,182,319	(1,509,109)	-6.24%
Restricted	35,545	-	35,545	-
Unrestricted (Deficit)	<u>8,916,388</u>	<u>5,525,518</u>	<u>3,390,870</u>	61.37%
Total Net Position	<u>\$ 31,625,143</u>	<u>\$ 29,707,837</u>	<u>\$ 1,917,306</u>	6.45%

HOLYOKE HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

Major Factors Affecting the Statement of Net Position

Most changes to the balance sheet this year are related to the disposal/transfer of the Lyman Terrace property to be renovated under a Mixed Financing project in which the Holyoke Housing Authority is a limited partner, and the holder of debt receivable under the transfer agreement.

The large increase in non-current liabilities is due to three items; 1) The recognition of a loan for work that was done as part of an ESCO (energy service contract), \$2.3 million. 2) the continued recording of Accrued Post Retirement Benefits, as part of the process of recognizing the actuarially determined projected liability over a thirty-year period, about \$.5 million, and 3) The recognition of changes in Net Pension Liability in the amount of \$1.2 million.

The decrease in Net Investment in Capital Assets is the net of depreciation in the amount of \$2,364,762, net of capital expenditures of \$3,284,672, less associated change in long term debt, 2,429,019.

Authority-Wide Statements

Change in Net Position		<u>Unrestricted Net Position</u>	<u>Restricted Net Position</u>	<u>Net Invested In Capital Assets</u>	<u>Total</u>
Net Position - 12/31/2015		\$ 5,525,518	\$ -	\$ 24,182,319	\$ 29,707,837
Results from operations		1,917,306	-	-	1,917,306
(Adjustment for depreciation)	(1)	2,364,762	-	(2,364,762)	-
Adjusted results from operations		4,282,068	-	(2,364,762)	1,917,306
Capital expenditures - net of disposition	(2)	(3,284,672)	-	3,284,672	-
Change in restricted net position	(3)	(35,545)	35,545	-	-
Change in long term debt	(4)	<u>2,429,019</u>	<u>-</u>	<u>(2,429,019)</u>	<u>-</u>
Net Position - 12/31/2016		<u>\$ 8,916,388</u>	<u>\$ 35,545</u>	<u>\$ 22,673,210</u>	<u>\$ 31,625,143</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position
- (2) Capital expenditures represent an outflow of unrestricted Net Position, but are not treated as an expense against Results of Operations, and therefore, must be deducted.
- (3) The increase in Restricted Net Position represents a provision for or accumulation of assets so designated. A decrease in Restricted Net Position represents an allocation or use of the Restricted Net Position so designated.
- (4) The increase in long term debt represents the debt financing of capital improvements and is therefore a reduction of the net investment in capital assets.

While the results of operations are a significant measure of the Authority's activities, the analysis of the Change in Unrestricted Net Position provides a clearer picture of the change in the organizations financial well-being and also provides an indication of the resources available to operate the programs and the organization.

HOLYOKE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Authority-Wide Statements

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Revenue				
Operating Revenues	\$ 20,844,535	\$ 19,493,844	\$ 1,350,691	6.93%
Non-operating Revenues	<u>3,213,346</u>	<u>1,415,828</u>	<u>1,797,518</u>	126.96%
Total Revenues	<u>24,057,881</u>	<u>20,909,672</u>	<u>3,148,209</u>	15.06%
Expenses				
Housing assistance payments	10,455,192	10,828,689	(373,497)	-3.45%
Administration	4,213,367	3,756,207	457,160	12.17%
Repair and maintenance	3,032,375	2,835,506	196,869	6.94%
Depreciation expense	2,364,762	2,287,771	76,991	3.37%
Utilities	1,370,286	1,728,871	(358,585)	-20.74%
Insurance expense	254,124	250,762	3,362	1.34%
Other general expenses	216,932	213,234	3,698	1.73%
Tenant services	170,919	254,446	(83,527)	-32.83%
Interest expense	<u>62,618</u>	<u>-</u>	<u>62,618</u>	-
Total Expenses	<u>22,140,575</u>	<u>22,155,486</u>	<u>(14,911)</u>	-0.07%
Change in Net Position	1,917,306	(1,245,814)	3,163,120	-253.90%
Net Position - Beginning of Year	<u>29,707,837</u>	<u>37,305,734</u>	<u>(7,597,897)</u>	-20.37%
Prior Period Adjustments	<u>-</u>	<u>(6,352,083)</u>	<u>6,352,083</u>	-100.00%
Net Position - End of Year	<u>\$ 31,625,143</u>	<u>\$ 29,707,837</u>	<u>\$ 1,917,306</u>	6.45%

The increase in Operating Revenue is associated with higher rental income and operating subsidy or grants related to operating costs. The large increase in Nonoperating Revenue is associated with grants related to capital improvements, for which there was substantial activity.

Changes in operating expenses represent normal variations in the programs spending and operations from year to year. The large increase in Administration, plus Benefits is substantially the recognition of OPEB and Pension Liabilities and their corresponding non-cash expense. There was a large decrease of 20% in Utilities expense in 2016. Total expenses decreased by less than .1%.

HOLYOKE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Capital Assets

The reduction in the cost of Buildings reflects the disposal and transfer of 88 units of Lyman Terrace as part of a Mixed Financing project in which the Holyoke Housing Authority is a limited partner.

CAPITAL ASSET ANALYSIS
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 1,354,736	\$ 1,354,736	\$ -	0.00%
Buildings	71,964,841	76,648,832	(4,683,991)	-6.11%
Furniture and equipment	371,191	357,195	13,996	3.92%
Construction in progress	<u>3,760,794</u>	<u>1,321,955</u>	<u>2,438,839</u>	184.49%
Total capital assets	77,451,562	79,682,718	(2,231,156)	-2.80%
Accumulated depreciation	<u>(52,349,333)</u>	<u>(55,500,399)</u>	<u>3,151,066</u>	-5.68%
Capital assets, net of accumulated depreciation	<u>\$ 25,102,229</u>	<u>\$ 24,182,319</u>	<u>\$ 919,910</u>	3.80%

Long Term Debt

Debt was entered into as part of an ESCO (energy service contract). The cost of improvements paid for by the money raised (reflected in Construction in Progress) is projected to be more than offset by savings in energy consumption, and related cost, over the lifetime of the loan and beyond.

LONG TERM DEBT ANALYSIS
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Long term debt	<u>\$ 2,429,019</u>	<u>\$ -</u>	<u>\$ 2,429,019</u>	-

HOLYOKE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Economic Factors and Overall Financial Summary

The overall financial position of the Authority was much changed as a result of operations in FY 2016. The Excess of Revenues over Expenses (Change in Net Position) was \$1,917,306. Taking into account, the non-cash component of depreciation of \$2,364,762 there was a net increase in non-capital and capital assets of \$4,282,068. \$3,284,672 was committed to capital improvements, and \$35,545 was applicable to a change in Restricted Net Position. Debt was incurred (\$2,429,019) to fund some of the Capital Improvements. Unrestricted Net Position, therefore, increased by \$3,390,870.

Liquidity was decreased from last year. The current ratio, (current assets/current liabilities) which incorporates many of the account balances that REAC uses to evaluate and rate the Authority, was 2.84 at the end of 2016. By comparison, it was 4.26 in 2015.

The financial environment for Housing Authorities, in so far as it relates to funding, continues to be characterized by uncertainty. Federal programs levels of funding have been decreased in 2017, but the percentage applied to those levels have increased. Meanwhile DHCD, the State funding agency, had increased the allowable spending level by 3% in FY 2017. But it is very difficult to project with any certainty what the future funding for the Authority will be. None the less, the Authority remains dependent upon these funding agencies to operate its programs with 85.8% of its operating and capital funding coming from those agencies in 2015, and 83.7% in 2016.

Questions concerning this Management Discussion and Analysis can be directed through Mr. Matthew Mainville, Executive Director.

BASIC FINANCIAL STATEMENTS

HOLYOKE HOUSING AUTHORITY

STATEMENT OF NET POSITION

December 31, 2016

ASSETS

Current Assets:

Cash and cash equivalents - Note 4	\$	5,660,003
Restricted cash and cash equivalents - Notes 4 & 5		379,831
Accounts receivable, net - Note 6		735,553
Prepaid expenses and other current assets		242,681
Total Current Assets		<u>7,018,068</u>

Noncurrent Assets:

Restricted cash and cash equivalents - Notes 4 & 5		723,331
Investments in the financing of affordable housing developments - Note 15		13,248,374
Capital assets, net of accumulated depreciation - Note 7		25,102,229
Total Noncurrent Assets		<u>39,073,934</u>

Total Assets

46,092,002

DEFERRED OUTFLOWS OF RESOURCES - Note 11

2,669,292

LIABILITIES

Current Liabilities:

Current portion of long term debt - Note 9		87,791
Accounts payable		849,892
Accounts payable, HUD		72,722
Accounts payable, other government		213,698
Accrued wages and current portion of compensated absences		71,751
Other current liabilities		490
Other accrued expenses		12,362
Unearned revenue		1,026,492
Tenant security deposits		133,085
Total Current Liabilities		<u>2,468,283</u>

Noncurrent Liabilities:

Long term debt, net of current portion - Note 9		2,341,228
Accrued compensated absences, net of current portion - Note 8		164,108
Other noncurrent liabilities - Note 8		246,746
Accrued pension - Notes 8 & 11		8,567,803
OPEB liability - Notes 8 & 12		2,977,902
Total Noncurrent Liabilities		<u>14,297,787</u>

Total Liabilities

16,766,070

DEFERRED INFLOWS OF RESOURCES - Note 11

370,081

NET POSITION

Net investment in capital assets		22,673,210
Restricted - Note 3		35,545
Unrestricted (deficit)		8,916,388

Total Net Position

\$ 31,625,143

HOLYOKE HOUSING AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2016**

OPERATING REVENUES

HUD grants and contributions	\$ 15,305,887
Tenant rental income	2,752,400
Other government grants and contributions	2,294,589
Other revenue	491,659
Total Operating Revenues	<u>20,844,535</u>

OPERATING EXPENSES

Housing assistance payments	10,455,192
Administration	4,213,367
Repair and maintenance	3,032,375
Depreciation expense	2,364,762
Utilities	1,370,286
Insurance expense	254,124
Other general expenses	216,932
Tenant services	170,919
Total Operating Expenses	<u>22,077,957</u>

Operating Loss (1,233,422)

NONOPERATING REVENUES (EXPENSES)

Gain on sale of capital assets	1,950,745
Interest and investment revenue	211,796
Interest expense	<u>(62,618)</u>

Total Nonoperating Revenues 2,099,923

Income before Capital Contributions and Transfers 866,501

CAPITAL CONTRIBUTIONS & TRANSFERS

HUD capital grants and contributions	882,959
Other government capital grants and contributions	<u>167,846</u>

Total Capital Contributions and Transfers 1,050,805

Change in Net Position 1,917,306

Net Position - Beginning of Year 29,707,837

Net Position - End of Year \$ 31,625,143

HOLYOKE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 15,553,788
Other government grants	1,788,110
Receipts from tenants	2,761,017
Other operating receipts	553,005
Payments to employees	(4,626,797)
Payments to suppliers	(13,999,873)
Net cash provided by operating activities	<u>2,029,250</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Other government capital grants	1,049,280
HUD capital grants	1,158,281
Interest expense	(62,618)
Payments on long term debt	(60,666)
Proceeds from long term debt	2,489,685
Acquisitions of capital assets	(3,614,319)
Net cash provided by capital and related financing activities	<u>959,643</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	12,233
Proceeds from investments in the financing of affordable housing developments	295,317
Investments in the financing of affordable housing developments	(2,035,684)
Net cash used in investing activities	<u>(1,728,134)</u>

Net increase in cash and cash equivalents

1,260,759

Cash and cash equivalents at beginning of year

5,502,406

Cash and cash equivalents at end of year

\$ 6,763,165

Reconciliation of operating loss to net cash provided by operating activities:

Operating Loss	\$ (1,233,422)
Adjustments:	
Depreciation	2,364,762
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	10,237
(Increase) decrease in accounts receivable, other	80,536
(Increase) decrease in prepaid expenses and other current assets	556,646
(Decrease) increase in accounts payable	(151,234)
(Decrease) increase in accounts payable, HUD	23,370
(Decrease) increase in accounts payable, other government	13,437
(Decrease) increase in compensated absences and accrued wages	44,990
(Decrease) increase in accrued pension liability	96,805
(Decrease) increase in OPEB liability	459,052
(Decrease) increase in accrued expenses and other current liabilities	26,409
(Decrease) increase in tenant security deposits	(1,529)
(Decrease) increase in unearned operating revenue	95,539
Net cash provided by operating activities	<u>\$ 2,029,250</u>

HOLYOKE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – ORGANIZATION

The Holyoke Housing Authority (the Authority) was incorporated under the laws of the Commonwealth of Massachusetts. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Moving-to-Work (MTW) – This is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds.

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

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

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

Section 8 Moderate Rehabilitation – The moderate rehabilitation program provides project-based rental assistance for low income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and the Authority. Under the contract, the owner receives a subsidy equal to the difference between an approved contract rent and the tenant’s share of the rent determined under HUD Section 8 regulations.

HOLYOKE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – ORGANIZATION – (Continued)

Resident Opportunities and Self Sufficiency (ROSS) – ROSS links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient. Grants are received from HUD pursuant to a detailed application submitted by the Authority.

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly property management and bookkeeping fee. The State Housing Programs of the Authority are excluded from this method of cost allocation; therefore, overhead *expenses* are allocated directly to these programs.

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

State Consolidated and State Chapter 705 Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Department of Housing & Community Development (DHCD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by DHCD via operating grants.

State Chapter 689 Housing – Under this program, the Authority owns operates and maintains rental housing acquired with grants from DHCD. The building is generally rented to a non-profit corporation who provides health and human resource needs to mentally disabled individuals.

Massachusetts Rental Voucher Program (MRVP) – DHCD provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant’s share of the rent not to exceed a contract amount.

State Modernization Program – DHCD provides grant funds to authorities with State Consolidated units based on the Authority’s application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

Affiliate Entities & Component Units – Holyoke Housing Churchill Homes Corporation (CHC) and Holyoke Housing Lyman Corporation (HHLC) are nonprofit corporations formed for the purpose of holding minority ownership stakes in public-private partnerships that acquire, rehabilitate and/or construct, own, lease, finance and otherwise deal with affordable housing developments for low and moderate income persons. CHC is a Class B Limited Partner in Churchill Homes LP (with no ownership interest) and Churchill Homes II LP (with a .001% ownership interest). HHLC is a special member in Lyman Terrace Phase I LLC (with a .001% ownership interest).

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – ORGANIZATION – (Continued)

This entity considered component units in accordance with generally accepted accounting principles. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Authority has two component units - Holyoke Housing Churchill Homes Corporation (CHC) and Holyoke Housing Lyman Corporation (HHLC) are considered to be component units because the Authority holds the corporate powers of the organizations. CHC and HHLC's year-ends are December 31st and, while they are still an active legal entity, have not had any financial activity and do not hold assets or liability. Therefore, no financial information related to the CHC or HHLC is included in the Authority's financial statements. Footnotes regarding policies of the Authority apply to CHC and HHLC unless otherwise noted.

The Authority also has two affiliates; Lyman Terrace Phase I LLC and Churchill Homes II LP that are not component units. They are, however, considered related entities. The Authority holds a minority interest in these entities through its component units. Selected financial data from the financial statements of these entities is presented in Note 16.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund.

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34") and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"). GASB 34 and GASB 63 require the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. GASB 34 requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information. GASB 63 requires the Authority to report deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basis of Presentation and Accounting – (Continued)

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenditures are recorded as a liability until earned.

New Accounting Standard Adopted

During 2016, the Authority adopted GASB 72, *Fair Value Measurement and Application*. GASB 72 provides guidance on determining fair value measurement and the applicable disclosure requirements. This statement requires disclosures to be made about fair value measurement, the level of fair value hierarchy and valuation techniques. GASB 72 also requires donated capital assets to be measured at acquisition value.

B. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions and other debt securities that are readily convertible into cash and purchased with original maturities of three months or less. Also included in cash equivalents are non-negotiable certificates of deposits, recorded at cost in accordance with GASB 31.

D. Accounts Receivable

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Capital Assets

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Equipment and Machinery	5 years

F. Compensated Absences

The Authority's policy allows employees between 5 days and 30 days of vacation leave depending on longevity. Sick leave is provided to all employees at the rate of 15 days per year. Employees are permitted to accumulate and carry over an unlimited number of unused sick days to the next fiscal year. Personal time is provided to all employees at the rate of 3 days per year depending on employment status. Employees must use these days by the end of the fiscal year. Upon retirement or separation, employees will be reimbursed up to 20% of their unused sick leave. Total accrued compensated absences at December 31, 2016 aggregated \$164,108.

G. Operating Revenues and Expenses

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraphs 17 and 18 for cash flows to determine operating revenues and expenses. Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

HOLYOKE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Investment in the Financing of Affordable Housing Developments

Investment in the Financing of Affordable Housing Developments represents long-term subsidized loans to Public-Private Partnership entities formed to revitalize and preserve affordable housing properties. The loans were funded through the Federal Revitalization of Severely Distressed Public Housing (HOPE VI) Program and other federal grant programs. As these loans were subsidized by HUD, instruments with below market interest rate have not been discounted.

NOTE 3 – NET POSITION

Restricted

At December 31, 2016, restrictions of \$35,545, represent the net position restricted by HUD related to the Moving-to-Work Program to be used for future HAP payments.

Unrestricted

Unrestricted net position represents the difference between the Authority's assets and liabilities, other than net position invested in capital assets. At December 31, 2016, included in unrestricted net position of \$8,916,388 is net position of \$13,248,374 related to investments in the financing of affordable housing developments (see Note 15 for further detail).

NOTE 4 – CASH AND INVESTMENT DEPOSITS

GASB standards require that cash and investment deposits with financial institutions be classified into one of the following four categories:

Category A – Insured

Category B – Collateralized, with securities held by the entity or by its agent in the entity's name.

Category C – Collateralized, with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category D – Non-collateralized (Includes any bank balance collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the entity's name.)

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – CASH AND INVESTMENT DEPOSITS – (Continued)

The Authority has adopted HUD’s Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, (category A, B or C) by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

In the case of cash deposits, this is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk, except ensuring that it follows the HUD regulations for federal deposits as detailed in a prior paragraph. At December 31, 2016, the Authority’s cash deposits of \$6,763,165 were fully insured or collateralized.

The Authority notes that in accordance with GASB 40, the disclosures for all types of cash deposits with a financial institution, whether categorized as cash and cash equivalents or as investments are the same and have been reported and disclosed accordingly in the previous section of the note.

NOTE 5 – RESTRICTIONS ON CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority’s restricted cash and cash equivalents balance consists of funds restricted for housing assistance payments, funds restricted for participants in the Family Self Sufficiency Program as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At December 31, 2016, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
HAP Reserves	\$ 723,331
FSS Escrow	246,746
Tenant Security Deposits	<u>133,085</u>
Total	<u>\$ 1,103,162</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a detail listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2016.

<u>Category of Receivable</u>	<u>Amount</u>
HUD	\$ 112,760
Other Government	580,782
Miscellaneous	13,678
Tenants	<u>54,535</u>
Gross Receivables	761,755
Allowance - Tenants	<u>(26,202)</u>
Net Receivables	<u>\$ 735,553</u>

HOLYOKE HOUSING AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	<u>12/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2016</u>
Capital assets not being depreciated				
Land	\$ 1,354,736	\$ -	\$ -	\$ 1,354,736
Construction in Progress	<u>1,321,955</u>	<u>3,564,128</u>	<u>(1,125,290)</u>	<u>3,760,793</u>
Total capital assets not being depreciated	<u>2,676,691</u>	<u>3,564,128</u>	<u>(1,125,290)</u>	<u>5,115,529</u>
Other Capital Assets				
Buildings	76,648,832	1,125,290	(5,809,281)	71,964,841
Furniture, equipment & machinery	<u>357,195</u>	<u>50,191</u>	<u>(36,194)</u>	<u>371,192</u>
Total other capital assets	<u>77,006,027</u>	<u>1,175,481</u>	<u>(5,845,475)</u>	<u>72,336,033</u>
Less accumulated depreciation				
Buildings	55,183,365	2,333,226	(5,479,631)	52,036,960
Furniture, equipment & machinery	<u>317,031</u>	<u>31,536</u>	<u>(36,194)</u>	<u>312,373</u>
Total accumulated depreciation	<u>55,500,396</u>	<u>2,364,762</u>	<u>(5,515,825)</u>	<u>52,349,333</u>
Capital Assets Net	<u>\$ 24,182,322</u>	<u>\$ 2,374,847</u>	<u>\$ (1,454,940)</u>	<u>\$ 25,102,229</u>
Depreciation expense was charged to:				
Low Rent		<u>\$ 2,029,003</u>		
State/Local		<u>\$ 296,830</u>		
COCC		<u>\$ 38,929</u>		

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2016 is as follows:

	<u>12/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>12/31/2016</u>
Compensated					
Absences	\$ 163,353	\$ 211,825	\$ (211,070)	\$ -	\$ 164,108
FSS Escrow	217,706	29,040	-	-	246,746
Pension Accrual	7,330,728	1,237,075	-	-	8,567,803
OPEB Liability	<u>2,518,718</u>	<u>705,751</u>	<u>(246,567)</u>	<u>-</u>	<u>2,977,902</u>
Total	<u>\$ 10,230,505</u>	<u>\$ 2,183,691</u>	<u>\$ (457,637)</u>	<u>\$ -</u>	<u>\$ 11,956,559</u>

HOLYOKE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 – LONG TERM DEBT

Long term debt activity for the year ended December 31, 2016 is as follows:

	<u>12/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>12/31/2016</u>
Lease Payable	\$ _____ -	\$ 2,489,685	\$ (60,666)	\$ (87,791)	\$ 2,341,228

The Authority leases certain equipment under an agreement that is classified as a capital lease. The Authority has pledged future revenues as collateral and the lessor retains a security interest in the equipment being leased. Interest in all of the equipment subject to the lease will be conveyed to the Authority upon full payment of the lease. The Authority may not sublease the equipment. The lease is being paid in monthly installments of principal and interest, as defined in the schedule of rental payments of the lease agreement (ranging from \$17,378 at the beginning of the lease term to \$31,758 at the end of the lease term), over a period of twenty years and at an effective interest rate of 4.0% per annum. The lease term expires in August of 2032. Interest expense incurred on the lease for the year ended December 31, 2016 was \$172,737 and the outstanding principal balance was \$3,058,333 at year end.

Amortization of assets under capital leases is included in depreciation expense. The cost of these assets under capital lease is included on the Statement of Net Position as a Capital Asset and was \$3,250,686 at December 31, 2016. Accumulated amortization of the leased assets at December 31, 2016 was \$866,850. The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of December 31, 2016, are as follows:

<u>Year</u>	
2017	\$ 168,798
2018	174,805
2019	180,969
2020	187,295
2021	185,753
2022-2026	1,060,447
2027-2031	<u>1,197,037</u>
Total minimum lease payments	3,155,104
Less: Amount representing interest	<u>726,085</u>
Present value of net minimum lease payments	2,429,019
Less: Current maturities of capital lease obligations	<u>87,791</u>
Long-term capital lease obligations	<u>\$ 2,341,228</u>

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 10 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. State funded scattered site units make payments in lieu of real estate taxes equal to ½ of the Municipality's tax rate plus \$100 multiplied by the number of available bedrooms. State funded family properties make payments in lieu of real estate taxes equal to \$3 per unit per month. The payment in lieu of taxes for the year ended December 31, 2016 aggregated \$127,757.

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN

A. Plan Description and Membership

The Authority provides pension benefits to certain employees through the Holyoke Retirement System (HRS), a cost-sharing, multiple-employer public employee retirement system regulated by the Public Employee Retirement Administration Commission (PERAC). The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. The HRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to HRS, 20 Korean Veterans Plaza, Holyoke, MA 01040-5044 or by calling (413) 322-5590.

B. Significant Plan Provisions and Requirements

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

C. Funding Policy

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments (COLAs)

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

C. Funding Policy – (Continued)

granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 5.47% of the total. The Authority's required and actual contributions to HRS for the year ended December 31, 2016 were \$993,576. Employee contributions for the same period were \$273,837.

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

At December 31, 2016, the Authority reported a liability of \$8,567,803 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the Authority's proportion was 5.79 percent.

For the year ended December 31, 2016, the Authority recognized pension expense of \$1,519,485. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 344,837
Changes of assumptions	573,590	-
Net difference between projected and actual earnings on pension plan investments	758,721	-
Changes in proportion and differences between contributions and proportionate share of contributions	343,405	25,244
Contributions subsequent to the measurement date	<u>993,576</u>	<u>-</u>
Total	<u>\$ 2,669,292</u>	<u>\$ 370,081</u>

These amounts will be recognized as expense, or as a reduction of expense, as follows:

<u>Year</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 1,306,333
2018	312,757
2019	312,757
2020	253,157
2021	114,207
Thereafter	<u>-</u>
Total	<u>\$ 2,299,211</u>

HOLYOKE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

E. Actuarial Methods & Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	7.625%
Discount rate	7.625%
Inflation	3.50%
Salary increases	4.25-4.75%
Cost of living adjustments	3% on first \$12,000
Mortality rates	Based on the RP-2000 Combined Mortality Tables, with adjustments for improvements based on Scale BB2.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Cash	5.19%	1.11%
Domestic equity	31.26%	6.49%
International developed markets equity	14.74%	7.16%
International developed markets equity	4.82%	9.46%
Core fixed income	12.05%	1.68%
High-yield fixed income	2.08%	4.76%
Real estate	10.88%	4.37%
Commodities	0.97%	4.13%
Hedge fund, GTAA, risk parity	0.89%	3.60%
Private equity	17.12%	11.04%

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.625 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity 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 of 7.625 percent, 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-percentagepoint lower (6.75 percent) or 1-percentage-point higher (8.625 percent) than the current rate:

	1% Decrease	Current	1% Increase
	<u>6.625%</u>	<u>7.625%</u>	<u>8.625%</u>
Net pension liability (asset)	\$ 11,132,728	\$ 8,567,803	\$ 6,407,622

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued HRS financial report.

I. Payables to the Pension Plan

As of December 31, 2016, the Authority had no outstanding payables to HRS.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The Authority provides comprehensive medical insurance, both with and without Medicare coordination, and life insurance to its employees who meet certain eligibility requirements. Employees are eligible for postretirement benefits if he/she has reached the age of 55 as an active employee and completed 10 years of service.

All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits. The duration of these benefits is for the employee's lifetime. Under this cost sharing plan, these benefits cover 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for both individuals and family members (percentages represent the employees' portion).

HOLYOKE HOUSING AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS – (Continued)

A. Plan Description – (Continued)

The face value of each life insurance policy is \$5,000. Life insurance benefits do not apply to family members, this benefit covers 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for individuals.

Currently, there are 48 active employees and 35 retired employees enrolled in the plan.

B. Funding Policy

The Authority is not required by law or contractual agreement to provide funding for the Plan other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the year ended December 31, 2016, the Authority paid \$246,567 on behalf of the Plan.

C. Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45). Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit time the ratio of past service to total service. Under this method, the Actuarial Gains (losses) are calculated each year and amortized over the minimum and maximum periods allowed by law from the year of such gains or losses. All employees who are plan participants on a valuation date are included in the actuarial valuation. The following table shows the elements of the Authority's annual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the Authority's net OPEB obligation to the Plan for the year ending December 31, 2016:

Annual Required Contribution (ARC)	\$ 833,872
Interest on Net OPEB obligation	99,929
Adjustment to ARC	<u>(228,050)</u>
Annual OPEB expense	705,751
Contributions made	<u>(246,567)</u>
Increase in net OPEB obligation	459,184
Net OPEB obligation - beginning of year	<u>2,518,718</u>
Net OPEB obligation - end of year	<u>\$ 2,977,902</u>

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS – (Continued)

D. Funding Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$6,720,934 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,720,934. The covered payroll (annual payroll of active employees covered by the Plan) is \$3,069,163, and the ratio of the UAAL to the covered payroll was 219%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of January 1, 2008 and multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

<i>Valuation Date:</i>	January 1, 2014
<i>Discount Rate:</i>	4.0% per annum (assuming no prefunding)
<i>Mortality Rates:</i>	RP-2000 Combined Healthy Mortality Table
<i>Withdrawal Rates:</i>	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service, from 15.0% at 1 year of service to 0% at 30 years of service.
<i>Retirement Rates:</i>	Plan participants are expected to retire at an increasing rate based on age and gender. Males are expected to retire at a rate of 2% for those aged 55 years, to 100% for those aged 70 years. Females are expected to retire at a rate of 5.5% for those aged 55 years, to 100% for those aged 70 years.
<i>General Inflation Assumption:</i>	2.5% per annum
<i>Annual Compensation Increases:</i>	3.0% per annum
<i>Amortization of UAAL:</i>	Amortized as projected unit credit over 30 years at transition.

HOLYOKE HOUSING AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS – (Continued)

E. Actuarial Methods and Assumptions – (Continued)

Remaining

Amortization Period: 12 years at December 31, 2014

Health Care Cost

Trend Rate: Covered medical expenses are assumed to increase at a decreasing rate, from 8% in 2014 to 5% in 2020.

NOTE 13 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2016 were \$59,919. There were no employer contributions.

NOTE 14 – RISK MANAGEMENT

Litigation

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

Grants

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 15 – RELATED PARTY TRANSACTIONS

Investment in Financing of Affordable Housing Developments

The Authority, through its HOPE VI Federal Grant Program and other internal and external sources, has provided financing to affiliate partnerships, as described in Note 1, for the development of low-income housing rental units with low income housing tax credit funding in the form of mortgage notes collateralized by non-primary, non-recourse mortgages on real estate and personal property of the Partnerships. The terms of these notes are 40 years and accrue interest at rates varying from 0.0% to 5.96%. No installment payments are required under the loans, which are secured by the underlying property, and all outstanding principal and interest is due at maturity. For the year ended December 31, 2016, interest earned on outstanding notes receivable was \$199,563. As of December 31, 2016, the outstanding principal and interest aggregated \$13,248,374.

HOLYOKE HOUSING AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 15 – RELATED PARTY TRANSACTIONS – (Continued)

The following schedule details the numerous loans made and amounts outstanding as of December 31, 2016.

<u>Borrower</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>	<u>Accrued Interest</u>	<u>Total Amount Outstanding</u>
Churchill Homes I LP	5.96%	10/1/2040	\$ 780,127	\$ 1,181,081	\$ 1,961,208
Churchill Homes I LP	0.00%	10/1/2045	1,771,809	-	1,771,809
Churchill Homes II LP	4.90%	12/1/2042	413,801	446,827	860,628
Churchill Homes II LP	0.00%	12/1/2044	400,000	-	400,000
Churchill Homes II LP	0.00%	12/1/2042	1,440,229	-	1,440,229
Churchill Homes II LP	0.00%	12/1/2042	1,473,324	-	1,473,324
Churchill Homes II LP	4.80%	12/1/2042	600,000	537,685	1,137,685
Churchill Homes II LP	0.00%	12/1/2042	184,935	-	184,935
Lyman Terrace Phase I, LLC	0.00%	12/28/2056	923,918	-	923,918
Lyman Terrace Phase I, LLC	2.26%	5/1/2057	2,250,000	-	2,250,000
Lyman Terrace Phase I, LLC	2.26%	5/1/2057	752,081	-	752,081
Lyman Terrace Phase I, LLC	0.00%	5/1/2059	<u>92,557</u>	<u>-</u>	<u>92,557</u>
Total			<u>\$ 11,082,781</u>	<u>\$ 2,165,593</u>	<u>\$ 13,248,374</u>

Development Fees

As the developer of a housing development owned by Churchill Homes II Limited Partnership, the Authority earned a developer fee. As of December 31, 2016, \$184,935 is deferred and payable to the Authority from net cash flow or sale or refinancing of the project. This receivable has been included in investment in financing of affordable housing developments on the Authority's Statement of Net Position.

Rental Assistance

The Authority is required to advance to the Partnerships subsidy for tenant-based rental assistance for those units reserved for low and moderate income families. The Partnerships operate under regulatory agreements which govern rental charges and operating methods. For the year ended December 31, 2016, the Authority advanced to the partnerships rental assistance of \$314,466.

Ground Leases

The Authority owns the land upon which the developments owned by the Partnerships are located. Upon termination of the leases, the Partnerships shall yield to the Authority the premises, units, equipment and improvements in good order and repair. The cost of the land being leased is carried on the Authority's financial statements at \$624,027. The terms of the leases are as follows;

<u>Lessee</u>	<u>Maturity Date</u>	<u>Annual Rent</u>
Churchill Homes II, LP	2090	\$ 1
Lyman Terrace Phase I, LLC	2091	\$ 5,200

HOLYOKE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 16 – MINORITY INTEREST IN LIMITED PARTNERSHIP

As disclosed in Note 1, the Authority has formed Holyoke Housing Churchill Homes Corporation to act as the Class B limited partner in Churchill Home II LP. Condensed financial information for this entity at December 31, 2016 and for the year then ended is as follows:

	<u>Churchill Homes II LP</u>	
	Holyoke Housing Churchill Homes Corporation	
General Partner Ownership Interest	0.0010%	
Equity investment	\$	(49)
Fiscal year end	12/31/2016	
Assets		
Current	\$	590,176
Noncurrent	\$	6,731,822
Liabilities		
Current	\$	310,580
Noncurrent	\$	5,911,866
Net Position	\$	1,099,552
Total Revenue	\$	367,237
Total Expenses	\$	754,641
Beginning Net Position	\$	1,486,956
Net Income (Loss)	\$	(387,404)

NOTE 17 – IMPAIRMENT OF CAPITAL ASSETS

Government Accounting Standards Board's, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2016.

NOTE 18 – ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from DHCD and HUD, respectively. These programs operate at a loss prior to receiving these grants and contributions.

HOLYOKE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 19 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through August 14, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

HOLYOKE HOUSING AUTHORITY

SCHEDULE OF FUNDING PROGRESS

For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
1/1/2008	\$ -	\$ 7,920,806	\$ 7,920,806	0%	\$ 2,491,767	317.9%
1/1/2009	\$ -	\$ 8,121,504	\$ 8,121,504	0%	\$ 2,567,000	316.4%
1/1/2010	\$ -	\$ 8,305,737	\$ 8,305,737	0%	\$ 2,644,000	314.1%
1/1/2011	\$ -	\$ 5,991,664	\$ 5,991,664	0%	\$ 2,839,776	211.0%
1/1/2012	\$ -	\$ 6,135,303	\$ 6,135,303	0%	\$ 2,924,969	209.8%
1/1/2013	\$ -	\$ 6,279,887	\$ 6,279,887	0%	\$ 2,658,449	236.2%
1/1/2014	\$ -	\$ 6,720,934	\$ 6,720,934	0%	\$ 2,708,257	248.2%
1/1/2015	\$ -	\$ 6,950,645	\$ 6,950,645	0%	\$ 2,780,316	250.0%
1/1/2016	\$ -	\$ 7,177,243	\$ 7,177,243	0%	\$ 2,801,349	256.2%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of ARC Contributed
2012	\$ 415,734	\$ 264,665	63.7%
2013	\$ 389,818	\$ 209,293	53.7%
2014	\$ 748,855	\$ 250,051	33.4%
2015	\$ 790,255	\$ 263,632	33.4%
2016	\$ 833,872	\$ 246,567	29.6%

HOLYOKE HOUSING AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

**Holyoke Retirement System
For the Year Ended December 31, 2016**

	<u>2014</u>	<u>2015</u>
Proportion of the net pension liability (asset)	5.470600%	5.790000%
Proportionate share of the net pension liability (asset)	\$ 7,330,728	\$ 8,567,804
Covered-employee payroll	\$ 3,145,748	\$ 3,112,610
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	233.0%	275.3%
Plan fiduciary net position as a percentage of the total pension liability	64.470%	62.550%

* The amounts presented for each fiscal year were determined as of 12/31.

HOLYOKE HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Holyoke Retirement System
For the Year Ended December 31, 2016

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 936,474	\$ 993,576
Contributions in relation to the contractually required contribution	<u>936,474</u>	<u>993,576</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,145,748	\$ 3,112,610
Contributions as a percentage of covered-employee payroll	29.77%	31.92%

* The amounts presented for each fiscal year were determined as of 12/31.

HOLYOKE HOUSING AUTHORITY

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended December 31, 2016**

NOTE 1 – CHANGES OF BENEFIT TERMS

There were no significant changes of benefit terms.

NOTE 2 – CHANGES OF ASSUMPTIONS

The following changes were effective January 1, 2016:

- The investment rate of return was reduced from 7.75% in 2013 to 7.65% in 2015. While the mortality tables did not change, the Scale was changed from AA to BB2D, along with other modifications in how the tables were used, to better reflect a general improvement in mortality. Total changes in assumptions had the effect of increasing the total pension liability by approximately \$700,000.

SUPPLEMENTAL INFORMATION

HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05
111	Cash - Unrestricted	1,466,699	1,665,786	-	-	-
113	Cash - Other Restricted	75,553	85,698	-	-	-
114	Cash - Tenant Security Deposits	47,840	64,235	-	-	21,010
100	Total Cash	1,590,092	1,815,719	-	-	21,010
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-
126	Accounts Receivable - Tenants	14,588	11,020	-	-	25,938
126.1	Allowance for Doubtful Accounts -Tenants	(11,368)	(4,694)	-	-	(8,999)
128	Fraud Recovery	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	3,220	6,326	-	-	16,939
142	Prepaid Expenses and Other Assets	20,484	40,483	-	-	30,239
143	Inventories	-	-	-	-	-
144	Inter Program Due From	21,010	489,215	-	-	606,089
150	Total Current Assets	1,634,806	2,351,743	-	-	674,277
161	Land	242,296	302,305	-	-	-
162	Buildings	12,103,789	28,567,970	-	-	17,838,605
164	Furniture, Equipment & Machinery - Administration	129,723	96,148	-	-	37,222
166	Accumulated Depreciation	(11,562,446)	(21,892,316)	-	-	(7,955,039)
167	Construction in Progress	572,187	2,104,494	-	-	1,015,875
160	Total Capital Assets, Net of Accumulated Depreciation	1,485,549	9,178,601	-	-	10,936,663
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-
180	Total Non-Current Assets	1,485,549	9,178,601	-	-	10,936,663
200	Deferred Outflow of Resources	505,459	421,947	-	-	262,072
290	Total Assets and Deferred Outflow of Resources	3,625,814	11,952,291	-	-	11,873,012
312	Accounts Payable <= 90 Days	113,270	144,844	-	-	79,110
321	Accrued Wage/Payroll Taxes Payable	10,653	11,881	-	-	6,741
331	Accounts Payable - HUD PHA Programs	-	57,560	-	-	-
333	Accounts Payable - Other Government	59,286	-	-	-	-

See Independent Auditors' Report

HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05
341	Tenant Security Deposits	47,840	64,235	-	-	21,010
342	Unearned Revenue	10,546	6,587	-	-	3,973
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	15,802	43,018	-	-	28,971
345	Other Current Liabilities	490	-	-	-	-
346	Accrued Liabilities - Other	-	11,703	-	-	434
347	Inter Program - Due To	810,268	-	-	-	21,010
310	Total Current Liabilities	1,068,155	339,828	-	-	161,249
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	418,122	1,140,340	-	-	782,766
353	Non-current Liabilities - Other	75,553	85,698	-	-	-
354	Accrued Compensated Absences - Non Current	17,582	29,734	-	-	22,347
357	Accrued Pension and OPEB Liabilities	2,116,093	1,957,132	-	-	1,098,066
350	Total Non-Current Liabilities	2,627,350	3,212,904	-	-	1,903,179
300	Total Liabilities	3,695,505	3,552,732	-	-	2,064,428
400	Deferred Inflow of Resources	69,945	62,294	-	-	38,579
508.4	Net Investment in Capital Assets	1,051,625	7,995,243	-	-	10,124,926
511.4	Restricted Net Position	-	-	-	-	-
512.4	Unrestricted Net Position	(1,191,261)	342,022	-	-	(354,921)
513	Total Equity - Net Assets / Position	(139,636)	8,337,265	-	-	9,770,005
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	3,625,814	11,952,291	-	-	11,873,012
70300	Net Tenant Rental Revenue	742,789	1,028,274	-	-	703,863
70500	Total Tenant Revenue	742,789	1,028,274	-	-	703,863
70600	HUD PHA Operating Grants	-	-	202,621	157,284	-
70610	Capital Grants	-	-	-	-	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - Unrestricted	3,198	3,457	-	-	2,345

See Independent Auditors' Report

HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05
71200	Mortgage Interest Income	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-
71500	Other Revenue	63,439	51,933	-	-	26,083
71600	Gain or Loss on Sale of Capital Assets	1,950,745	-	-	-	-
70000	Total Revenue	2,760,171	1,083,664	202,621	157,284	732,291
91100	Administrative Salaries	200,723	145,060	-	-	108,421
91200	Auditing Fees	3,384	2,767	-	-	1,790
91300	Management Fee	341,519	279,685	16,210	12,583	190,627
91310	Book-keeping Fee	24,022	28,335	-	-	19,313
91500	Employee Benefit contributions - Administrative	135,001	110,780	-	-	71,613
91600	Office Expenses	3,592	4,768	-	-	1,862
91700	Legal Expense	29,031	34,994	-	-	37,778
91800	Travel	118	881	-	-	-
91900	Other	13,398	15,346	186,411	144,701	14,812
91000	Total Operating - Administrative	750,788	622,616	202,621	157,284	446,216
92000	Asset Management Fee	33,960	38,520	-	-	26,040
92100	Tenant Services - Salaries	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400	Tenant Services - Other	7,396	11,504	-	-	6,337
92500	Total Tenant Services	7,396	11,504	-	-	6,337
93100	Water	194,967	126,137	-	-	147,303
93200	Electricity	39,570	218,621	-	-	10,666
93300	Gas	189,791	112,151	-	-	190,428
93000	Total Utilities	424,328	456,909	-	-	348,397
94100	Ordinary Maintenance and Operations - Labor	346,309	352,818	-	-	230,688
94200	Ordinary Maintenance and Operations - Materials and Other	71,913	85,257	-	-	97,361
94300	Ordinary Maintenance and Operations Contracts	148,735	233,721	-	-	192,412
94500	Employee Benefit Contributions - Ordinary Maintenance	232,919	269,442	-	-	152,372
94000	Total Maintenance	799,876	941,238	-	-	672,833
95000	Total Protective Services	-	-	-	-	-
96140	All Other Insurance	46,079	75,906	-	-	68,442
96100	Total insurance Premiums	46,079	75,906	-	-	68,442

See Independent Auditors' Report

HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05
96200	Other General Expenses	2,672	3,161	-	-	3,834
96210	Compensated Absences	(942)	(2,541)	-	-	7,335
96300	Payments in Lieu of Taxes	31,846	57,136	-	-	35,547
96400	Bad debt - Tenant Rents	10,270	4,742	-	-	9,982
96000	Total Other General Expenses	43,846	62,498	-	-	56,698
96720	Interest on Notes Payable (Short and Long Term)	11,107	30,734	-	-	20,777
96700	Total Interest Expense and Amortization Cost	11,107	30,734	-	-	20,777
96900	Total Operating Expenses	2,117,380	2,239,925	202,621	157,284	1,645,740
97000	Excess of Operating Revenue over Operating Expenses	642,791	(1,156,261)	-	-	(913,449)
97100	Extraordinary Maintenance	368,901	16,495	-	-	-
97200	Casualty Losses - Non-capitalized	-	4,532	-	-	2,009
97300	Housing Assistance Payments	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation Expense	282,161	662,915	-	-	1,083,927
90000	Total Expenses	2,768,442	2,923,867	202,621	157,284	2,731,676
10010	Operating Transfer In	1,380,584	2,101,902	-	-	1,311,064
10020	Operating transfer Out	(500,000)	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	208,802
10094	Transfers between Project and Program - Out	(2,598,225)	-	-	-	(208,802)
10100	Total Other financing Sources (Uses)	(1,717,641)	2,101,902	-	-	1,311,064
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(1,725,912)	261,699	-	-	(688,321)
11020	Required Annual Debt Principal Payments	15,802	43,018	-	-	28,971
11030	Beginning Equity	1,586,276	8,075,566	-	-	10,458,326
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11190	Unit Months Available	3,315	3,852	600	600	2,604
11210	Number of Unit Months Leased	3,203	3,778	600	600	2,575
11270	Excess Cash	318,668	1,742,092	-	-	374,615
11620	Building Purchases	14,254	715,303	-	-	151,434

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation Program	Moving to Work Demonstration Program	MTW - CFP	MTW - HCV	MTW - LIPH
111	Cash - Unrestricted	17,223	-	1,192,580	-	-	-
113	Cash - Other Restricted	-	-	808,826	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-
100	Total Cash	17,223	-	2,001,406	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	112,760	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	8,679	-	-	-
126	Accounts Receivable - Tenants	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts -Tenants	-	-	-	-	-	-
128	Fraud Recovery	-	-	36,679	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	(36,679)	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	121,439	-	-	-
142	Prepaid Expenses and Other Assets	-	879	9,223	-	-	-
143	Inventories	-	-	-	-	-	-
144	Inter Program Due From	-	398,796	132,239	-	-	-
150	Total Current Assets	17,223	399,675	2,264,307	-	-	-
161	Land	-	-	-	-	-	-
162	Buildings	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	-	-	-	-
167	Construction in Progress	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	-
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	-	-	-	-
200	Deferred Outflow of Resources	-	51,679	364,868	-	-	-
290	Total Assets and Deferred Outflow of Resources	17,223	451,354	2,629,175	-	-	-
312	Accounts Payable <= 90 Days	93	380	1,946	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	693	8,804	-	-	-
331	Accounts Payable - HUD PHA Programs	-	13,730	1,432	-	-	-

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation Program	Moving to Work Demonstration Program	MTW - CFP	MTW - HCV	MTW - LIPH
333	Accounts Payable - Other Government	-	-	25,602	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-
342	Unearned Revenue	662	80,880	802,700	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Inter Program - Due To	16,468	-	-	-	-	-
310	Total Current Liabilities	17,223	95,683	840,484	-	-	-
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	-	85,495	-	-	-
354	Accrued Compensated Absences - Non Current	-	2,003	22,055	-	-	-
357	Accrued Pension and OPEB Liabilities	-	211,249	1,765,649	-	-	-
350	Total Non-Current Liabilities	-	213,252	1,873,199	-	-	-
300	Total Liabilities	17,223	308,935	2,713,683	-	-	-
400	Deferred Inflow of Resources	-	7,032	55,663	-	-	-
508.4	Net Investment in Capital Assets	-	-	-	-	-	-
511.4	Restricted Net Position	-	-	35,545	-	-	-
512.4	Unrestricted Net Position	-	135,387	(175,716)	-	-	-
513	Total Equity - Net Assets / Position	-	135,387	(140,171)	-	-	-
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	17,223	451,354	2,629,175	-	-	-
70300	Net Tenant Rental Revenue	-	-	-	-	-	-
70500	Total Tenant Revenue	-	-	-	-	-	-
70600	HUD PHA Operating Grants	48,894	962,183	-	313,203	9,925,918	3,599,356
70610	Capital Grants	-	-	-	882,959	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation Program	Moving to Work Demonstration Program	MTW - CFP	MTW - HCV	MTW - LIPH
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - Unrestricted	-	-	1,924	-	-	-
71200	Mortgage Interest Income	-	-	-	-	-	-
71400	Fraud Recovery	-	-	18,352	-	-	-
71500	Other Revenue	-	-	203,491	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
70000	Total Revenue	48,894	962,183	223,767	1,196,162	9,925,918	3,599,356
91100	Administrative Salaries	-	47,687	487,444	-	-	-
91200	Auditing Fees	-	1,750	3,364	-	-	-
91300	Management Fee	-	28,003	293,773	-	-	-
91310	Book-keeping Fee	-	10,260	114,615	-	-	-
91500	Employee Benefit contributions - Administrative	-	37,830	348,836	-	-	-
91600	Office Expenses	-	4,289	-	-	-	-
91700	Legal Expense	-	-	684	-	-	-
91800	Travel	-	-	6,430	-	-	-
91900	Other	-	-	38,724	-	-	-
91000	Total Operating - Administrative	-	129,819	1,293,870	-	-	-
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant Services - Salaries	27,121	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	8,988	-	-	-	-	-
92400	Tenant Services - Other	12,785	-	-	-	-	-
92500	Total Tenant Services	48,894	-	-	-	-	-
93100	Water	-	-	-	-	-	-
93200	Electricity	-	-	-	-	-	-
93300	Gas	-	-	-	-	-	-
93000	Total Utilities	-	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-	-
94300	Ordinary Maintenance and Operations Contracts	-	-	-	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-
94000	Total Maintenance	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-

HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	Resident Opportunity and Supportive Services	Section 8 Moderate Rehabilitation Program	Moving to Work Demonstration Program	MTW - CFP	MTW - HCV	MTW - LIPH
96140	All Other Insurance	-	1,386	16,233	-	-	-
96100	Total insurance Premiums	-	1,386	16,233	-	-	-
96200	Other General Expenses	-	2,916	23,948	-	-	-
96210	Compensated Absences	-	1,224	3,778	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-
96400	Bad debt - Tenant Rents	-	-	-	-	-	-
96000	Total Other General Expenses	-	4,140	27,726	-	-	-
96900	Total Operating Expenses	48,894	135,345	1,337,829	-	-	-
97000	Excess of Operating Revenue over Operating Expenses	-	826,838	(1,114,062)	1,196,162	9,925,918	3,599,356
97100	Extraordinary Maintenance	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-
97300	Housing Assistance Payments	-	811,197	8,440,575	-	-	-
97350	HAP Portability-In	-	-	175,607	-	-	-
97400	Depreciation Expense	-	-	-	-	-	-
90000	Total Expenses	48,894	946,542	9,954,011	-	-	-
10010	Operating Transfer In	-	-	9,925,918	-	-	-
10020	Operating transfer Out	-	-	-	(1,196,162)	(9,925,918)	(3,599,356)
10093	Transfers between Program and Project - In	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	-	-	9,925,918	(1,196,162)	(9,925,918)	(3,599,356)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	15,641	195,674	-	-	-
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-
11030	Beginning Equity	-	119,746	(335,845)	-	-	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-
11190	Unit Months Available	-	1,368	16,158	-	-	-
11210	Number of Unit Months Leased	-	1,368	15,801	-	-	-
11270	Excess Cash	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
111	Cash - Unrestricted	-	994,559	323,156	-	5,660,003
113	Cash - Other Restricted	-	-	-	-	970,077
114	Cash - Tenant Security Deposits	-	-	-	-	133,085
100	Total Cash	-	994,559	323,156	-	6,763,165
122	Accounts Receivable - HUD Other Projects	-	-	-	-	112,760
124	Accounts Receivable - Other Government	-	580,782	-	-	580,782
125	Accounts Receivable - Miscellaneous	-	-	4,999	-	13,678
126	Accounts Receivable - Tenants	-	2,989	-	-	54,535
126.1	Allowance for Doubtful Accounts - Tenants	-	(1,141)	-	-	(26,202)
128	Fraud Recovery	-	-	-	-	36,679
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	(36,679)
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	582,630	4,999	-	735,553
142	Prepaid Expenses and Other Assets	-	8,434	15,675	-	125,417
143	Inventories	-	-	117,264	-	117,264
144	Inter Program Due From	-	108,842	252,243	(2,008,434)	-
150	Total Current Assets	-	1,694,465	713,337	(2,008,434)	7,741,399
161	Land	-	810,135	-	-	1,354,736
162	Buildings	-	12,919,164	535,313	-	71,964,841
164	Furniture, Equipment & Machinery - Administration	-	53,415	54,683	-	371,191
166	Accumulated Depreciation	-	(10,644,438)	(295,094)	-	(52,349,333)
167	Construction in Progress	-	49,672	18,566	-	3,760,794
160	Total Capital Assets, Net of Accumulated Depreciation	-	3,187,948	313,468	-	25,102,229
171	Notes, Loans and Mortgages Receivable - Non-Current	-	13,248,374	-	-	13,248,374
180	Total Non-Current Assets	-	16,436,322	313,468	-	38,350,603
200	Deferred Outflow of Resources	-	74,677	988,590	-	2,669,292
290	Total Assets and Deferred Outflow of Resources	-	18,205,464	2,015,395	(2,008,434)	48,761,294
312	Accounts Payable <= 90 Days	-	416,495	93,754	-	849,892
321	Accrued Wage/Payroll Taxes Payable	-	16,358	16,621	-	71,751
331	Accounts Payable - HUD PHA Programs	-	-	-	-	72,722
333	Accounts Payable - Other Government	-	128,810	-	-	213,698

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
341	Tenant Security Deposits	-	-	-	-	133,085
342	Unearned Revenue	-	121,144	-	-	1,026,492
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	87,791
345	Other Current Liabilities	-	-	-	-	490
346	Accrued Liabilities - Other	-	225	-	-	12,362
347	Inter Program - Due To	-	1,160,688	-	(2,008,434)	-
310	Total Current Liabilities	-	1,843,720	110,375	(2,008,434)	2,468,283
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	2,341,228
353	Non-current Liabilities - Other	-	-	-	-	246,746
354	Accrued Compensated Absences - Non Current	-	5,520	64,867	-	164,108
357	Accrued Pension and OPEB Liabilities	-	458,007	3,939,509	-	11,545,705
350	Total Non-Current Liabilities	-	463,527	4,004,376	-	14,297,787
300	Total Liabilities	-	2,307,247	4,114,751	(2,008,434)	16,766,070
400	Deferred Inflow of Resources	-	11,503	125,065	-	370,081
508.4	Net Investment in Capital Assets	-	3,187,948	313,468	-	22,673,210
511.4	Restricted Net Position	-	-	-	-	35,545
512.4	Unrestricted Net Position	-	12,698,766	(2,537,889)	-	8,916,388
513	Total Equity - Net Assets / Position	-	15,886,714	(2,224,421)	-	31,625,143
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	-	18,205,464	2,015,395	(2,008,434)	48,761,294
70300	Net Tenant Rental Revenue	-	277,474	-	-	2,752,400
70500	Total Tenant Revenue	-	277,474	-	-	2,752,400
70600	HUD PHA Operating Grants	96,428	-	-	-	15,305,887
70610	Capital Grants	-	-	-	-	882,959
70710	Management Fee	-	-	1,258,424	(1,258,424)	-
70720	Asset Management Fee	-	-	98,520	(98,520)	-
70730	Book Keeping Fee	-	-	219,233	(219,233)	-
70740	Front Line Service Fee	-	-	162,440	(162,440)	-
70700	Total Fee Revenue	-	-	1,738,617	(1,738,617)	-
70800	Other Government Grants	-	2,462,435	-	-	2,462,435
71100	Investment Income - Unrestricted	-	740	569	-	12,233

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
71200	Mortgage Interest Income	-	199,563	-	-	199,563
71400	Fraud Recovery	-	838	-	-	19,190
71500	Other Revenue	-	295,037	8,093	-	648,076
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	1,950,745
70000	Total Revenue	96,428	3,236,087	1,747,279	(1,738,617)	24,233,488
91100	Administrative Salaries	-	54,363	810,147	-	1,853,845
91200	Auditing Fees	-	5,269	316	-	18,640
91300	Management Fee	-	96,024	-	(1,258,424)	-
91310	Book-keeping Fee	-	22,688	-	(219,233)	-
91500	Employee Benefit contributions - Administrative	-	43,052	643,228	-	1,390,340
91600	Office Expenses	-	12,677	-	-	27,188
91700	Legal Expense	-	5,935	24,794	-	133,216
91800	Travel	-	-	30,319	-	37,748
91900	Other	-	1,200	337,798	-	752,390
91000	Total Operating - Administrative	-	241,208	1,846,602	(1,477,657)	4,213,367
92000	Asset Management Fee	-	-	-	(98,520)	-
92100	Tenant Services - Salaries	72,318	-	-	-	99,439
92300	Employee Benefit Contributions - Tenant Services	24,110	-	-	-	33,098
92400	Tenant Services - Other	-	360	-	-	38,382
92500	Total Tenant Services	96,428	360	-	-	170,919
93100	Water	-	45,298	6,028	-	519,733
93200	Electricity	-	38,006	13,265	-	320,128
93300	Gas	-	27,471	10,584	-	530,425
93000	Total Utilities	-	110,775	29,877	-	1,370,286
94100	Ordinary Maintenance and Operations - Labor	-	40,049	103,306	-	1,073,170
94200	Ordinary Maintenance and Operations - Materials and Other	-	20,692	32,308	-	307,531
94300	Ordinary Maintenance and Operations Contracts	-	49,935	24,084	(162,440)	486,447
94500	Employee Benefit Contributions - Ordinary Maintenance	-	29,446	82,021	-	766,200
94000	Total Maintenance	-	140,122	241,719	(162,440)	2,633,348
95000	Total Protective Services	-	-	-	-	-
96140	All Other Insurance	-	12,047	34,031	-	254,124
96100	Total insurance Premiums	-	12,047	34,031	-	254,124

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HOLYOKE HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
December 31, 2016

FDS Line Item	Description	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
96200	Other General Expenses	-	5,551	-	-	42,082
96210	Compensated Absences	-	437	2,261	-	11,552
96300	Payments in Lieu of Taxes	-	3,228	-	-	127,757
96400	Bad debt - Tenant Rents	-	126	-	-	25,120
96000	Total Other General Expenses	-	9,342	2,261	-	206,511
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	62,618
96700	Total Interest Expense and Amortization Cost	-	-	-	-	62,618
96900	Total Operating Expenses	96,428	513,854	2,154,490	(1,738,617)	8,911,173
97000	Excess of Operating Revenue over Operating Expenses	-	2,722,233	(407,211)	-	15,322,315
97100	Extraordinary Maintenance	-	985	12,646	-	399,027
97200	Casualty Losses - Non-capitalized	-	3,880	-	-	10,421
97300	Housing Assistance Payments	-	1,203,420	-	-	10,455,192
97350	HAP Portability-In	-	-	-	-	175,607
97400	Depreciation Expense	-	296,830	38,929	-	2,364,762
90000	Total Expenses	96,428	2,018,969	2,206,065	(1,738,617)	22,316,182
10010	Operating Transfer In	-	500,000	1,968	(15,221,436)	-
10020	Operating transfer Out	-	-	-	15,221,436	-
10093	Transfers between Program and Project - In	-	2,598,225	295,317	(3,102,344)	-
10094	Transfers between Project and Program - Out	-	(295,317)	-	3,102,344	-
10100	Total Other financing Sources (Uses)	-	2,802,908	297,285	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	4,020,026	(161,501)	-	1,917,306
11020	Required Annual Debt Principal Payments	-	-	-	-	87,791
11030	Beginning Equity	-	11,866,688	(2,062,920)	-	29,707,837
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11190	Unit Months Available	-	2,848	-	-	31,345
11210	Number of Unit Months Leased	-	2,716	-	-	30,641
11270	Excess Cash	-	-	-	-	2,435,375
11620	Building Purchases	-	-	1,968	-	882,959

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HOLYOKE HOUSING AUTHORITY

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
December 31, 2016**

Project	MA06P005501-13	MA06P005501-14
Modernization Funds Approved	\$ 1,050,408	\$ 1,105,261
Modernization Funds Expended	<u>1,050,408</u>	<u>1,105,261</u>
Excess of Modernization Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Modernization Funds Advanced	\$ 1,050,408	\$ 1,105,261
Modernization Funds Expended	<u>1,050,408</u>	<u>1,105,261</u>
Excess of Modernization Funds Advanced	<u>\$ -</u>	<u>\$ -</u>

Based on our review of the completed projects:

- 1) All work in connection with the projects is complete.
- 2) All liabilities have been incurred and discharged through payment.

HOLYOKE HOUSING AUTHORITY

**STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED
December 31, 2016**

Project	MA06P005501-15	MA06E005501-15
Modernization Funds Approved	\$ 1,044,012	\$ 169,090
Modernization Funds Expended	<u>642,394</u>	<u>152,348</u>
Excess of Modernization Funds Approved	<u>\$ 401,618</u>	<u>\$ 16,742</u>
Modernization Funds Advanced	\$ 596,027	\$ 152,348
Modernization Funds Expended	<u>642,394</u>	<u>152,348</u>
Excess of Modernization Funds Advanced	<u>\$ (46,367)</u>	<u>\$ -</u>

HOLYOKE HOUSING AUTHORITY

**STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS
December 31, 2016**

Grant	MA005FSH287A014	MA005FSH037A015
Grant Funds Approved	\$ 95,620	\$ 96,424
Grant Funds Expended	<u>95,620</u>	<u>96,424</u>
Excess of Grant Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Grant Funds Advanced	\$ 95,620	\$ 96,424
Grant Funds Expended	<u>95,620</u>	<u>96,424</u>
Excess of Grant Funds Advanced	<u>\$ -</u>	<u>\$ -</u>

Based on our review of the completed grant:

- 1) All work in connection with the grant is complete.
- 2) All liabilities have been incurred and discharged through payment.

HOLYOKE HOUSING AUTHORITY

**STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED
December 31, 2016**

Grant	MA005RPS047A015
Grant Funds Approved	\$ 246,000
Grant Funds Expended	<u>42,052</u>
Excess of Grant Funds Approved	<u>\$ 203,948</u>
Grant Funds Advanced	\$ 42,052
Grant Funds Expended	<u>42,052</u>
Excess of Grant Funds Advanced	<u>\$ -</u>

HOLYOKE HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

	<u>CFDA Number</u>	<u>Major Program</u>	<u>Research & Development</u>	<u>Direct Award</u>	<u>Pass-Through Agency</u>	<u>Federal Financial Assistance Received</u>	<u>Federal Financial Assistance Expenditures</u>
Department of Housing and Urban Development							
Low Rent Public Housing	14.850	No	N/A	Yes	N/A	\$ 343,239	\$ 343,239
Resident Opportunity and Support Services	14.870	No	N/A	Yes	N/A	48,894	48,894
Public Housing Capital Fund Program	14.872	No	N/A	Yes	N/A	16,666	16,666
Moving to Work Demonstration Program	14.881	Yes	N/A	Yes	N/A	14,721,436	14,721,436
PIH Family Self-Sufficiency Program	14.896	No	N/A	Yes	N/A	96,428	96,428
Section 8 Moderate Rehabilitation	14.856	No	N/A	Yes	N/A	<u>962,183</u>	<u>962,183</u>
Total Major Programs						<u>14,721,436</u>	<u>14,721,436</u>
Total Non-Major Programs						<u>1,467,410</u>	<u>1,467,410</u>
Total All Programs						<u>\$ 16,188,846</u>	<u>\$ 16,188,846</u>

HOLYOKE HOUSING AUTHORITY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2016**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Holyoke Housing Authority under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Holyoke Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Holyoke Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

For the year ended December 31, 2016, the Holyoke Housing Authority did not elect to use the 10% de minimis indirect cost rate allowed in the Uniform Guidance, section 414.

NOTE 4 – OTHER ASSISTANCE

For the year ended December 31, 2016, the Holyoke Housing Authority did not receive or expend federal awards in the form of non-cash assistance, insurance, or loans or loan guarantees, nor were there any loans or loan guarantees outstanding at year end.

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

To The Board of Commissioners
Holyoke Housing Authority
Holyoke, Massachusetts

We have audited, 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, the financial statements of the Holyoke Housing Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Holyoke Housing Authority's basic financial statements, and have issued our report thereon dated August 14, 2017.

Internal Control over Financial Reporting

Management of the Holyoke Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Holyoke Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Holyoke Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Holyoke Housing Authority's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as finding 2016-001.

Compliance and Other Matters

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

Holyoke Housing Authority's Response to Findings

The Holyoke Housing Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Holyoke Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Guyden Herby" followed by "PC" in a smaller font.

Braintree, Massachusetts
August 14, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To The Board of Commissioners
Holyoke Housing Authority
Holyoke, Massachusetts

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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 Holyoke Housing 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 (CFR) 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 Holyoke Housing 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 Holyoke Housing Authority's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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.



Braintree, Massachusetts
August 14, 2017

HOLYOKE HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2016**

I. Summary of Audit Results

Financial Statements

1. Type of report issued on the financial statements - Unmodified
2. The report on internal control over financial reporting did disclose material weaknesses.
3. The report on internal control over financial reporting did not disclose any significant deficiencies.
4. The report on compliance did not disclose instances of non-compliance material to the financial statements.

Federal Programs

5. Type of report issued on compliance for major programs - Unmodified
6. The report on internal control over major programs did not disclose any material weaknesses.
7. The report on internal control over major programs did not disclose any significant deficiencies.
8. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).
9. Major federal assistance programs are identified in the Schedule of Expenditures of Federal Awards. The dollar threshold to distinguish type A and type B programs was \$750,000.
10. The following programs were tested as major programs in accordance with OMB Uniform Guidance:

CFDA Number

Moving-to-Work Demonstration Program	14.881
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11. The auditee qualified as a low-risk auditee.
12. The prior audit report did not disclose any findings or questioned costs.

HOLYOKE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2016

II. Findings related to the Financial Statements which are required to be reported in accordance with GAGAS

Finding 2016-001 – Internal Controls over Financial Reporting

Criteria

Regulations require that management design, maintain and monitor a system of internal control that reduces the risk that financial statements will be materially misstated to acceptable levels. There are five components of internal control that collectively provide an entity with assurance that financial statements are fairly stated and they are:

- Control environment
- Risk assessment
- Information and communication
- Control activities
- Monitoring

Management and those charged with governance have a responsibility to understand the five components of internal control and design either formal or informal systems that address each component sufficiently relative to the size and complexity of the organization in such a way that reduces the risk that financial statements will be materially misstated or that laws and the risk of noncompliance with regulations relating to the administration of government programs and grants to a relatively low level.

Condition and Context

As a result of our audit, we identified numerous errors and deficiencies that were indicative of material weaknesses in internal controls over financial reporting. Our observations are as follows:

- The Authority did not record the partial disposal of its Lyman Terrace development, which occurred on December 28, 2016.
- The Authority did not record loans/investments in the financing of the redevelopment of Lyman Terrace.
- The Authority did not record grant revenue from a state funding source on an accrual basis.
- The Authority did not properly account for loan proceeds as a reduction of notes receivable.

Effect or Potential Effect

The Authority could not reasonably ensure that the financial statements presented for audit were free of material misstatement. The presence of errors required material audit adjustments to the financial statements.

HOLYOKE HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2016

II. Findings related to the Financial Statements which are required to be reported in accordance with GAGAS – (Continued)

Finding 2016-001 – Internal Controls over Financial Reporting - (Continued)

Cause

The Authority had not developed and implemented control activities sufficient to account for transactions associated with the redevelopment of Lyman Terrace.

Recommendation

We recommend that the Authority's accounting department obtain an understanding of the pertinent documents contained in the closing binder for the Lyman Terrace redevelopment. In addition, the Authority should implement control activities and monitoring procedures over Lyman Terrace transactions to ensure that they are properly accounted for.

Auditee's Response and Planned Corrective Action

See Corrective Action Plan.

III. Findings and Questioned Costs for Federal Awards which shall include Audit Findings as defined in paragraph 200.516(a) - NONE

HOLYOKE HOUSING AUTHORITY

CORRECTIVE ACTION PLAN

December 31, 2016

Finding 2016-001 – Internal Controls over Financial Reporting

Auditee's Response and Planned Corrective Action

The Holyoke Housing Authority is in agreement that we had not developed and implemented control activities sufficient to account for transactions associated with the redevelopment of Lyman Terrace. This was an extremely complex mixed finance transaction through the Low Income Housing Tax Credit (LIHTC) program and occurred on December 28th immediately prior to the closing of the fiscal year end.

Although it was understood that we would need to account for all the development activity including sale of the property, loans, and development fees in the audited FDS submission, these tasks were not completed prior to the audit. After reviewing the auditor's comments, the Holyoke Housing Authority has a sound understanding of both the auditor's finding and expectations for Phase II as well our plan to ensure future compliance.

With the assistance of the auditor, we have a comprehensive understanding of the financing of the project and have made all the required entries to establish the Lyman Terrace Development project. We are prepared to continue the accounting and monitoring of the redevelopment of the project as we enter into the separate phases going forward.

The Accounting Department has already put into place the necessary general ledger entries required for the redevelopment and partial disposal of Lyman Terrace. We will continue to improve our internal controls to ensure all financing activities are implemented and recorded properly and in a timely manner as Lyman Terrace moves through its future phases of development.

Lastly, the Accounting Department has carefully read through the closing binder for the Lyman Terrace redevelopment and we will continue to monitor and obtain full understanding of all documents pertaining to the closing of this project moving forward. We appreciate the support and guidance of our auditors.

Planned Implementation Date of Corrective Action: December 31, 2017

Person Responsible for Corrective Action: Anne Darcy, Assistant Executive Director – 413-539-2220