

# **64 Moderately Priced Dwelling Units**

## **Financial Statements**

**For The Years Ended  
June 30, 2022 and 2021**

# 64 Moderately Priced Dwelling Units

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For the Years Ended June 30, 2022 and 2021

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## Independent Auditor's Report

To the Board of Commissioners  
64 Moderately Priced Dwelling Units  
10400 Detrick Avenue  
Kensington, MD 20895

### Opinion

We have audited the accompanying financial statements of 64 Moderately Priced Dwelling Units which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of operations, changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 64 Moderately Priced Dwelling Units as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 64 Moderately Priced Dwelling Units and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 64 Moderately Priced Dwelling Units' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 64 Moderately Priced Dwelling Units' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 64 Moderately Priced Dwelling Units' ability to continue as a going concern for a reasonable period of time.

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

*SC+H attest services, P.C.*

Sparks, Maryland  
February 9, 2023

## 64 Moderately Priced Dwelling Units

Balance Sheets

As of June 30, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Unrestricted current assets</b>		
Accounts receivable, net and other assets	\$ 149,089	\$ 135,625
Total unrestricted current assets	<u>149,089</u>	<u>135,625</u>
<b>Restricted cash and cash equivalents for current liabilities</b>		
Restricted cash and cash equivalents	141,139	111,270
Tenants' security deposits	<u>24,901</u>	<u>24,889</u>
Total restricted cash and cash equivalents for current liabilities	<u>166,040</u>	<u>136,159</u>
<b>Property and equipment</b>		
Construction in progress	4,100	-
Property and equipment, net of accumulated depreciation	<u>905,083</u>	<u>949,143</u>
Total property and equipment	<u>909,183</u>	<u>949,143</u>
Total assets	<u>\$ 1,224,312</u>	<u>\$ 1,220,927</u>

*See independent auditor's report and notes to financial statements.*

## 64 Moderately Priced Dwelling Units

Balance Sheets (Continued)  
As of June 30, 2022 and 2021

	2022	2021
<b>Liabilities and Net Deficit</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 22,521	\$ 34,437
Interfund payable	1,524,909	1,399,201
Total current liabilities	1,547,430	1,433,638
<b>Current liabilities payable from restricted assets</b>		
Tenants' security deposits	14,804	14,840
Total current liabilities payable from restricted assets	14,804	14,840
<b>Long-term liabilities</b>		
Notes payable - HOC	895,819	895,819
Total long-term liabilities	895,819	895,819
Total liabilities	2,458,053	2,344,297
<b>Contingency (Note 9)</b>		
<b>Net deficit</b>		
Investment in capital assets, net of related debt	13,364	53,324
Restricted net assets	151,236	121,319
Unrestricted net deficit	(1,398,341)	(1,298,013)
Total net deficit	(1,233,741)	(1,123,370)
Total liabilities and net deficit	\$ 1,224,312	\$ 1,220,927

See independent auditor's report and notes to financial statements.

## 64 Moderately Priced Dwelling Units

Statements of Operations  
For the Years Ended June 30, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Dwelling rental income	\$ 781,696	\$ 782,386
Other income	<u>11,396</u>	<u>36,739</u>
Total operating revenues	<u>793,092</u>	<u>819,125</u>
<b>Operating expenses</b>		
Administrative	187,673	206,407
Operating and maintenance	336,935	256,386
Depreciation	44,060	80,612
Utilities	13,514	14,747
Fringe benefits	45,440	49,009
Interest expense	8,630	70,416
Other	27,526	31,274
Bad debt expense	<u>64,261</u>	<u>55,553</u>
Total operating expenses	<u>728,039</u>	<u>764,404</u>
Operating income	<u>65,053</u>	<u>54,721</u>
<b>Nonoperating revenue (expense)</b>		
Interest revenue (expense)	<u>(251)</u>	<u>(118)</u>
Total nonoperating revenue (expense)	<u>(251)</u>	<u>(118)</u>
Net income	<u>\$ 64,802</u>	<u>\$ 54,603</u>

*See independent auditor's report and notes to financial statements.*

## 64 Moderately Priced Dwelling Units

Statements of Changes in Net Deficit  
For the Years Ended June 30, 2022 and 2021

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Balance - July 1, 2020	\$ (1,142,403)
Distributions	(35,570)
Net income - June 30, 2021	<u>54,603</u>
Balance - June 30, 2021	(1,123,370)
Distributions	(175,173)
Net income - June 30, 2022	<u>64,802</u>
Balance - June 30, 2022	<u><u>\$ (1,233,741)</u></u>

*See independent auditor's report and notes to financial statements.*



## 64 Moderately Priced Dwelling Units

### Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>Cash flows from operating activities</b>		
Net income	\$ 64,802	\$ 54,603
Adjustments to reconcile net income to restricted cash and cash equivalents provided by operating activities:		
Depreciation	44,060	80,612
Amortization of financing fees	-	22,350
Bad debt expense	64,261	55,553
Increase in operating assets:		
Accounts receivable, net and other assets	(77,725)	(101,805)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(11,916)	9,668
Accrued interest payable	-	(4,971)
Interfund payable	125,708	67,998
Tenants' security deposits	(36)	(1,378)
Restricted cash and cash equivalents provided by operating activities	209,154	182,630
<b>Cash flows from investing activities</b>		
Construction costs paid	(4,100)	(15,553)
Acquisition of property and equipment	-	(6,775)
Restricted cash and cash equivalents used in investing activities	(4,100)	(22,328)
<b>Cash flows from financing activities</b>		
Mortgage principal payments	-	(1,011,136)
Proceeds from notes payable - HOC	-	895,819
Distributions	(175,173)	(35,570)
Restricted cash and cash equivalents used in financing activities	(175,173)	(150,887)
<b>Net increase in restricted cash and cash equivalents</b>	29,881	9,415
Restricted cash and cash equivalents, beginning of year	136,159	126,744
Restricted cash and cash equivalents, end of year	\$ 166,040	\$ 136,159
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 8,630	\$ 53,037

See independent auditor's report and notes to financial statements.

## 64 Moderately Priced Dwelling Units

Statements of Cash Flows (Continued)  
For the Years Ended June 30, 2022 and 2021

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The following table provides a reconciliation of restricted cash and cash equivalents reported within the balance sheets that sum to the total of the same such amounts presented in restricted cash and cash equivalents, end of year, above:

	<u>2022</u>	<u>2021</u>
Restricted cash and cash equivalents	\$ 141,139	\$ 111,270
Tenants' security deposits	<u>24,901</u>	<u>24,889</u>
Total restricted cash and cash equivalents, end of year	<u>\$ 166,040</u>	<u>\$ 136,159</u>

*See independent auditor's report and notes to financial statements.*

# 64 Moderately Priced Dwelling Units

Notes to Financial Statements  
For the Years Ended June 30, 2022 and 2021

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## 1) Nature of Business and Summary of Significant Accounting Policies

### *Nature of Business*

64 Moderately Priced Dwelling Units (the Property) is a property owned by the Housing Opportunities Commission of Montgomery County, Maryland (HOC), for the purpose of acquiring 64 units to provide rental housing for low and moderate-income families and is not a separate legal entity.

### *Method of Accounting*

The Property's financial statements are prepared on the accrual method of accounting which recognizes income when it is earned and expenses when they are incurred.

### *Cash and Cash Equivalents*

The Property considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents. The mortgage escrow deposits and replacement reserve are invested in money market funds considered to be cash equivalents with balances of \$141,139 and \$111,270, respectively, as of June 30, 2022 and 2021.

### *Rents Receivable and Bad Debts*

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts.

Management periodically evaluates the need for an allowance for doubtful accounts by considering the Partnership's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due after the tenth of the month in which they were due. Accounts receivable are considered uncollectible if they are outstanding over 90 days. The allowances as of June 30, 2022 and 2021 were \$101,079 and \$77,902, respectively.

### *Property and Equipment*

Land, buildings and improvements are recorded at cost. Buildings and improvements are depreciated over their estimated useful lives of 5 to 40 years using the straight-line method.

### *Impairment of Long-Lived Assets*

The Property reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no asset impairments during the years ended June 30, 2022 and 2021.

### *Net Assets*

HOC, the Property's owner, is required to report on a fund basis that categorize net assets as the following:

Investment in capital assets represents the total of property and equipment, net less mortgage payable.

Restricted net assets represents the sum of total restricted cash and cash equivalents and tenant security deposits less the tenant security deposit liability.

*See independent auditor's report.*

## 64 Moderately Priced Dwelling Units

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2022 and 2021

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### 1) Nature of Business and Summary of Significant Accounting Policies (Continued)

#### *Net Assets (Continued)*

Unrestricted net assets represents the balance remaining after investment in capital assets and restricted net assets.

#### *Interest*

The Property has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 835, *Interest*, which states that debt issuance costs related to a note shall be reported on the balance sheet as a direct deduction from the face amount of that note, and any amortization of debt issuance costs shall be reported as interest expense. Accordingly, the Property is reporting loan fees related to its mortgage payable as a direct deduction from the principal balance of the mortgage, and is reporting amortization of the loan fees as interest expense on the mortgage payable. See Note 5 for more information.

#### *Income Taxes*

The Property is a component unit of HOC, a component unit of Montgomery County, Maryland and is therefore exempt from income taxation. No provision for income taxes has been included in these financial statements and there are no other tax positions which must be considered for disclosure.

#### *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *Rental Revenue*

Rental income is recognized as rents become due. Rent payments received in advance are deferred until earned. All leases between the Project and tenants of the property are operating leases.

#### *Advertising*

The Property's policy is to expense advertising costs when incurred. There were no advertising expenses incurred for the years ended June 30, 2022 and 2021.

#### *Recently Issued Accounting Pronouncements*

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), which aims to address accounting consequences that could result from the global markets' anticipated transition away from the use of the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for those hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Property is currently evaluating the timing of its adoption and the impact of adopting ASU 2020-04 on its consolidated financial statements.

*See independent auditor's report.*

## 64 Moderately Priced Dwelling Units

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2022 and 2021

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### 1) Nature of Business and Summary of Significant Accounting Policies (Continued)

#### *Reclassifications*

Reclassifications have been made to the prior period balances to conform to current year presentation.

### 2) Concentration of Risk

The Property maintains its cash balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. Additionally, the Property is included with the Housing Opportunities Commission of Montgomery County, Maryland (the Commission) as part of the agency funds and was entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

### 3) Restricted Cash and Cash Equivalents

Restricted funds are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Mortgage escrow deposits	\$ -	\$ 8,357
Replacement reserve	<u>141,139</u>	<u>102,913</u>
	<u>\$ 141,139</u>	<u>\$ 111,270</u>

#### *Mortgage Escrow Deposits*

Pursuant to the terms of the mortgage note, the Property was required to make monthly deposits with the mortgagee for payment of mortgage insurance premium so that a sufficient amount was on deposit with the mortgagee when the actual payment of such expenses was due. The balance as of June 30, 2021 is \$8,357. On March 29, 2021 the mortgage was repaid and during the year ended June 30, 2022, the remaining balance was transferred to the replacement reserve.

#### *Replacement Reserve*

Pursuant to the terms of the mortgage note, the Property was required to make monthly deposits of \$2,295 with the mortgagee for the purpose of effecting replacements of structural elements and mechanical equipment, only after receiving written consent of the Community Development Administration. The funds are no longer restricted by the lender following the mortgage prepayment on March 29, 2021, but HOC is continuing to make monthly deposits of \$2,295 and is maintaining the reserve for the purpose of effecting replacements of structural elements and mechanical equipment. The balance as of June 30, 2022 and 2021 is \$141,139 and \$102,913, respectively.

*See independent auditor's report.*

## 64 Moderately Priced Dwelling Units

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2022 and 2021

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### 4) Property and Equipment

Property and equipment detail for the years ended June 30 was as follows:

	2022	2021
Land	\$ 849,256	\$ 849,256
Buildings	3,651,293	3,651,293
Office furniture and equipment	94,117	94,117
Vehicle	12,499	12,499
Total property and equipment	4,607,165	4,607,165
Less: accumulated depreciation	3,702,082	3,658,022
Property and equipment, net	<u>\$ 905,083</u>	<u>\$ 949,143</u>

### 5) Long-Term Debt

#### *Mortgage Payable*

On March 1, 1996, the Property obtained a loan from HOC in the original amount of \$3,098,424. The mortgage was secured by a deed of trust, security and assignment of rent agreements, and substantially all assets. Financing fees related to the mortgage were \$218,065 and were being amortized to interest expense on a straight-line basis, the results of which are not materially different than that of the effective interest method, over the term of the loan. The loan provided for interest at a nominal rate of 5.90% per annum and an effective rate of 6.26% per annum. Principal and interest payments of \$18,453 were due monthly with the final balance of principal and accrued interest due October 1, 2025. The mortgage was repaid in full on March 29, 2021 with the proceeds from the advance from affiliate. For the year ended June 30, 2021, interest incurred on the mortgage was \$68,143, including amortized financing fees of \$22,350.

### 6) Related Party Transactions

#### *Interfund Receivable and Payable*

The Property has numerous transactions with HOC to finance operations and provide services. To the extent that funds to finance certain transactions of the Property has not been paid or collected as of year-end, interfund payables and receivables are recorded. The balance of the interfund payable as of June 30, 2022 and 2021 was \$1,524,909 and \$1,399,201 respectively.

#### *Notes Payable - HOC*

On March 29, 2021 HOC advanced \$895,819 to the Property to repay the mortgage payable in full. The note incurs interest at the one month LIBOR rate plus 0.09% per annum. The note is unsecured and requires monthly payments of interest only, with the principal balance due upon demand. The balance of the note as of June 30, 2022 is \$895,819. For the years ended June 30, 2022 and 2021, interest incurred and paid on the advance was \$8,630 and \$2,273, respectively. Management does not anticipate repayment within the next year.

*See independent auditor's report.*

## **64 Moderately Priced Dwelling Units**

Notes to Financial Statements (Continued)  
For the Years Ended June 30, 2022 and 2021

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### **6) Related Party Transactions (Continued)**

#### ***Property Management Fee***

The Property is required to pay a management fee to HOC as determined by HOC. Each year, the amount is approved by HOC based on the agency cost allocation model determined during the budgetary process. For the years ended June 30, 2022 and 2021, management fees of \$136,200 and \$136,200, respectively, were incurred.

### **7) Tenant Assistance Payments**

Dwelling rental revenue includes income from tenant-based Section 8 rental assistance payments. For the years ended June 30, 2022 and 2021, \$109,856 and \$123,509, respectively, of such assistance payments were included in dwelling rental revenue.

### **8) Real Estate Taxes**

The Property pays a negotiated sum calculated by Montgomery County in lieu of taxes. The amount charged to operations for the years ended June 30, 2022 and 2021 was \$15,666 and \$14,263, respectively.

### **9) Subsequent Events**

Management has evaluated events and transactions for potential recognition or disclosure through the independent auditor's report date, the date the financial statements were available to be issued. There were no material events that required recognition or disclosure in the financial statements.

*See independent auditor's report.*



## Independent Auditor's Report on Supplementary Information

We have audited the financial statements of 64 Moderately Priced Dwelling Units as of and for the years ended June 30, 2022 and 2021, and our report thereon dated February 9, 2023, expressed an unmodified opinion on those financial statements, which appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

*SC&H attest services, P.C.*

Sparks, Maryland  
February 9, 2023



## 64 Moderately Priced Dwelling Units

Detail of Selected Balance Sheet Accounts  
As of June 30, 2022 and 2021

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	2022	2021
<b>Accounts receivable, net and other assets</b>		
Accounts receivable - subsidy	\$ 68,031	\$ 63,683
Allowance for doubtful accounts	(101,079)	(77,902)
Other receivables	2,426	7,242
Rents receivable	179,711	142,602
	<u>149,089</u>	<u>135,625</u>
Total accounts receivable, net and other assets	<u>\$ 149,089</u>	<u>\$ 135,625</u>
<b>Accounts payable and accrued expenses</b>		
Accounts payable	\$ 866	\$ 11,256
Accrued annual leave	9,869	10,649
Accrued salaries	2,322	2,478
Accrued utility payments	281	363
Clearing resident refunds	2,230	2,230
Other accrued liabilities	206	1,123
Resident prepaid rents	6,747	6,338
	<u>22,521</u>	<u>34,437</u>
Total accounts payable and accrued expenses	<u>\$ 22,521</u>	<u>\$ 34,437</u>

*See independent auditor's report on supplementary information.*

## 64 Moderately Priced Dwelling Units

Detailed Statements of Operations  
For the Years Ended June 30, 2022 and 2021

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	2022	2021
<b>Dwelling rental income</b>		
Rent	\$ 935,299	\$ 910,969
Vacancies and concessions	(154,717)	(131,264)
Tenant charges	1,114	2,681
Total dwelling rental income	<u>\$ 781,696</u>	<u>\$ 782,386</u>
<b>Other income</b>		
Grants	\$ 4,100	\$ 27,533
Miscellaneous	-	1,910
Rental license	7,296	7,296
Total other income	<u>\$ 11,396</u>	<u>\$ 36,739</u>
<b>Administrative expenses</b>		
Licenses and fees	\$ 7,296	\$ 7,296
Management fee	136,200	136,200
Miscellaneous	933	1,272
Office supplies and expense	1,688	740
Professional fees	8,740	10,525
Salaries	24,837	42,477
Telephone	-	159
Vehicle	7,979	7,738
Total administrative expenses	<u>\$ 187,673</u>	<u>\$ 206,407</u>

*See independent auditor's report on supplementary information.*

## 64 Moderately Priced Dwelling Units

Detailed Statements of Operations (Continued)  
For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>Operating and maintenance expenses</b>		
Contracts	\$ 79,891	\$ 29,498
Exterminating	3,313	2,985
Grounds maintenance	13,633	10,616
Housing association fees	71,519	67,868
HVAC repairs and maintenance	11,231	20,958
Janitorial	16,413	4,356
Salaries	82,027	85,579
Snow removal	55	910
Supplies and repairs	58,853	33,616
Total operating and maintenance expenses	<u>\$ 336,935</u>	<u>\$ 256,386</u>
<b>Utilities expense</b>		
Electricity	\$ 9,205	\$ 9,238
Trash removal	22	-
Water	4,287	5,509
Total utilities expense	<u>\$ 13,514</u>	<u>\$ 14,747</u>
<b>Fringe benefits</b>		
Accrued leave	\$ (780)	\$ 2,120
Deferred contribution plan	6,109	6,656
FICA	7,448	8,103
Health insurance	27,392	27,519
Other post employment benefits	1,030	-
Unemployment	1,352	459
Workers' compensation	2,889	4,152
Total fringe benefits	<u>\$ 45,440</u>	<u>\$ 49,009</u>
<b>Other expenses</b>		
Insurance	\$ 11,860	\$ 13,173
Mortgage insurance	-	3,838
Taxes	15,666	14,263
Total other expenses	<u>\$ 27,526</u>	<u>\$ 31,274</u>

See independent auditor's report on supplementary information.