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March 10, 2020

Board of Directors
Putnam County Housing Authority
309 E. Franklin Street
Greencastle, IN 46135

We have received the audit report of the Putnam County Housing Authority, which was opined upon by Audit Solutions, LLC, Independent Public Accountant, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Putnam County Housing Authority, as of June 30, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**PUTNAM COUNTY HOUSING AUTHORITY
GREENCASTLE, INDIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Putnam County Housing Authority
Greencastle, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Putnam County Housing Authority (Authority), Indiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

My audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying Financial Data Schedule and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 my opinion, the accompanying Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 4, 2020 on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

March 4, 2020

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

This section of the Putnam County Housing Authority, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2019 was \$(2,879). The net position decreased by \$35,144, a decrease of 108.9% from the prior year.
- The Authority had a \$8,039 net decrease in the Section 8 Housing Choice Voucher Program and a \$27,105 net decrease in the Section 8 New Construction Program.
- Revenues for the Authority were \$810,416 for the year ended June 30, 2019. This was a decrease of \$40,511 or 4.8% from the prior year.
- Expenses for the Authority were \$845,560 for the year ended June 30, 2019. This was an increase of \$19,232 or 2.3% over the prior year.
- Rental revenue for the Authority was \$33,843 for the year ended June 30, 2019, an increase of \$5,351 or 18.8% over the prior year. HUD operating grants for the Authority was \$756,878 for the year ended June 30, 2019, a decrease of \$27,176 or 3.5% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Required Financial Statements

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and obligations of the Authority creditors (liabilities and deferred inflows of resources). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Required Financial Statements - (Continued)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2019 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$(2,879) at the close of the year ended June 30, 2019, down from \$32,265 in fiscal year 2018. The decrease in net position of \$35,144 was due to the reasons noted below.

- Current and other assets include cash, receivables, and prepaid expenses. Of the \$67,345 decrease in this category, cash decreased \$68,038, receivables increased \$944, and prepaid expenses decreased \$251.
- Capital assets increased \$22,235 because current year capital asset additions exceeded current year depreciation. Change in capital assets is explained in section titled "Capital Assets and Debt Administration" of this analysis.
- Current liabilities increased \$1,631 from FY 2018 mainly due to an increase in accrued wages and payroll taxes payable of \$1,529.
- Noncurrent liabilities decreased \$11,597 from FY 2018 due to current year principal payments on long-term debt.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS - (Continued)

The unrestricted net position was \$110,293 as of June 30, 2019. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays, excluding housing assistance payments, for five months. The restricted net position was \$10,609 as of June 30, 2019. Of the restricted net position, \$4,833 can only be used for housing assistance payments in the Housing Choice Voucher program and \$5,776 is restricted for replacement reserve in the Section 8 New Construction program. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

CONDENSED STATEMENTS OF NET POSITION
JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 135,297	\$ 202,642	\$ (67,345)	-33.2%
Capital assets	<u>434,819</u>	<u>412,584</u>	<u>22,235</u>	5.4%
Total Assets	<u>570,116</u>	<u>615,226</u>	<u>(45,110)</u>	-7.3%
Current liabilities	25,293	23,662	1,631	6.9%
Noncurrent liabilities	<u>547,702</u>	<u>559,299</u>	<u>(11,597)</u>	-2.1%
Total Liabilities	<u>572,995</u>	<u>582,961</u>	<u>(9,966)</u>	-1.7%
Net Position				
Net investment in capital assets	(123,781)	(157,245)	33,464	21.3%
Restricted	10,609	602	10,007	1662.3%
Unrestricted	<u>110,293</u>	<u>188,908</u>	<u>(78,615)</u>	-41.6%
Total Net Position	<u>\$ (2,879)</u>	<u>\$ 32,265</u>	<u>\$ (35,144)</u>	-108.9%

The largest portion of the Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS (CONTINUED)

As can be seen in the table on the following page, total revenues decreased \$40,511 due to the reasons noted below.

- Rental revenue increased \$5,351 or 18.8% from FY 2018 primarily due to an increase in average rental charge per dwelling unit of \$36.41 or 35.4% in the Section 8 New Construction program. The average rental charge was \$139.30 in FY 2019, up from \$102.89 in FY 2018. This was partially offset by a 13.4% decrease in occupancy for the Section 8 New Construction program.
- Of the \$27,176 decrease in HUD operating grants, funding for Housing Choice Voucher program increased \$1,428, and rental assistance received in the Section 8 New Construction program decreased \$28,604.
- Interest income increased \$79 or 56.4% from FY 2018.
- Other income decreased \$18,765 or 49.1% from FY 2018. Other income was higher in FY 2018 for insurance proceeds of \$21,378 received from a casualty loss. In FY 2019 the Authority received casualty loss insurance proceeds of \$7,026.

Total expenses increased \$19,232 due to the reasons noted below.

- Administrative expenses decreased \$7,718 or 4.9% primarily due to a decrease in administrative wages of \$7,482 or 7.8%. The Authority also had a decrease in management fees of \$1,715 or 13.4%.
- Utilities increased \$3,808 or 50.3% from FY 2018 due to an increase in water of \$2,226 or 43.2% and an increase in electricity of \$1,582 or 65.4%.
- Ordinary maintenance and operations increased \$10,592 or 25.1% from FY 2018 mainly due to an increase in maintenance wages of \$5,117 or 18.3% and an increase in maintenance materials purchased during the year of \$5,844 or 71.2%. The Authority also had an increase in services contracted for maintenance and repair of \$1,045 or 18.9%.
- Insurance expense increased \$97 or 0.7% from FY 2018.
- General expenses increased \$9,290 or 720.2% primarily due to an increase in expense for compensated absences of \$9,422 or 100.0%.
- Housing assistance payments decreased \$3,163 or 0.6% due to a 3.6% decrease in Housing Choice Voucher program lease-up rate. Decrease in lease-up was partially offset by an increase in average housing assistance payment of \$9.64 or 3.2%. The average housing assistant payment was \$312.22 in FY 2019, up from 302.58 in FY 2018.
- Interest expense increased \$3,350 or 17.4% from FY 2018.
- The Authority had a \$2,616 or 9.5% increase in Depreciation, which is the write-off of capital assets over their estimated useful life.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS - (Continued)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30**

	2019	2018	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 33,843	\$ 28,492	\$ 5,351	18.8%
HUD operating grants	756,878	784,054	(27,176)	-3.5%
Interest income	219	140	79	56.4%
Other income	19,476	38,241	(18,765)	-49.1%
Total Revenues & Contributions	810,416	850,927	(40,511)	-4.8%
Expenses				
Administrative	149,184	156,902	(7,718)	-4.9%
Utilities	11,375	7,567	3,808	50.3%
Ordinary maintenance and operations	54,514	43,562	10,952	25.1%
Insurance	13,294	13,197	97	0.7%
General	10,580	1,290	9,290	720.2%
Housing assistance payments	553,883	557,046	(3,163)	-0.6%
Interest expense	22,578	19,228	3,350	17.4%
Depreciation	30,152	27,536	2,616	9.5%
Total Expenses	845,560	826,328	19,232	2.3%
Change in net position	(35,144)	24,599	(59,743)	
Total net position - beginning of year	32,265	7,666	24,599	
Ending net position	\$ (2,879)	\$ 32,265	\$ (35,144)	

The Authority had the following programs during the current fiscal year:

1. Northview Apartments - 24 units Section 8 New Construction owned and managed by the Authority. The project had an 78.8% occupancy level in FY 2019, down from 91.0% in FY 2018.
2. Section 8 Housing Choice Vouchers - Authorized to assist 184 households with rental assistance. The lease-rate for FY 2019 was 80.3%, down from 83.4% in FY 2018.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Putnam County Housing Authority, Indiana's net investment in capital assets as of June 30, 2019 amounts to \$(123,781). The investment in capital assets includes land, buildings, improvements and equipment, net of related debt and accumulated depreciation.

Capital Assets - The total increase in the Authority's capital assets for the current fiscal year was 5.4% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and capital contributions were \$52,387 for the year. Depreciation charges for the year totaled \$30,152. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Ending
Capital assets	\$412,584	\$52,387	\$(30,152)	\$434,819

Debt Administration - The Authority has a mortgage on its apartment complex known as Northview Apartments which was initially held by U.S. Department of Agriculture Rural Development as part of their Section 515 Loan Program and re-financed with the North Salem State Bank in FY 2018. Total mortgage debt as of June 30, 2019 was \$558,600 down from \$569,829 in FY 2018. Total debt retirements for fiscal year ended June 30, 2019 was \$11,229. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Authority receives annual budget authority from HUD based on prior year leasing and HAP utilization. In addition to annual budget authority, the Authority also has \$4,833 in HAP Reserves and \$38,873 in HUD-Held Program Reserves available for housing assistance payments. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2020 and adjusted for pro-ration which is currently at 79.370%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Putnam County Housing Authority, 309 East Franklin Street, Putnam County, Indiana 46135.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	109,699
Cash - restricted		13,165
Receivables - net of allowances		3,300
Prepaid expenses		<u>9,133</u>

Total Current Assets 135,297

Non-current Assets:

Capital assets:

Land and construction in progress		33,120
Other capital assets, net of depreciation		<u>401,699</u>

Total capital assets - net 434,819

Total Non-current Assets 434,819

Total Assets and Deferred Outflow of Resources \$ 570,116

See accompanying notes to the basic financial statements

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

STATEMENT OF NET POSITION - (Continued)
June 30, 2019

LIABILITIES

Current Liabilities:

Accounts payable	\$	2,098
Accrued salaries and benefits		3,717
Tenant security deposit liability		2,556
Accrued compensated absences		3,576
Accrued interest payable		1,390
Current portion of long term debt		10,898
Unearned revenues		<u>1,058</u>

Total Current Liabilities 25,293

Non-current Liabilities:

Long-term debt, net of current portion		<u>547,702</u>
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Total Non-current Liabilities 547,702

Total Liabilities 572,995

NET POSITION

Net investment in capital assets	(123,781)
Restricted	10,609
Unrestricted	<u>110,293</u>

Total Net Position (2,879)

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 570,116

See accompanying notes to the basic financial statements

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

OPERATING REVENUES	
Tenant revenue	\$ 33,843
Governmental grants and subsidy	756,878
Miscellaneous	<u>19,476</u>
Total operating revenue	<u>810,197</u>
OPERATING EXPENSES	
Administrative	149,184
Utilities	11,375
Ordinary maintenance and operations	54,514
Insurance	13,294
General	10,580
Housing assistance payment	553,883
Depreciation expense	<u>30,152</u>
Total operating expenses	<u>822,982</u>
Operating income (loss)	<u>(12,785)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	219
Interest expense	<u>(22,578)</u>
Net non-operating revenues (expenses)	<u>(22,359)</u>
Income (loss) before contributions and transfers	<u>(35,144)</u>
Change in net position	(35,144)
Total net position - beginning of year	<u>32,265</u>
Total net position - end of year	<u>\$ (2,879)</u>

See accompanying notes to the basic financial statements

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 30,555
Received from governmental grants and subsidy	759,694
Received from other operating activities	17,811
Payments for goods and services	(100,219)
Payments to employees	(136,671)
Payment for housing assistance	<u>(553,883)</u>
Net cash provided by (used in) operating activities	<u>17,287</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(52,387)
Principal paid on capital debt	(11,229)
Interest paid on capital debt	<u>(21,928)</u>
Net cash provided by (used in) capital and related financing activities	<u>(85,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of interest and dividends	<u>219</u>
Net cash provided by (used in) investing activities	<u>219</u>
Net increase (decrease) in cash and cash equivalents	(68,038)
Cash and cash equivalents at beginning of year	<u>190,902</u>
Cash and cash equivalents at end of year	<u><u>\$ 122,864</u></u>

See accompanying notes to the basic financial statements

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended June 30, 2019

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	(12,785)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		30,152
Change in assets and liabilities:		
Receivables, net		(944)
Prepaid expenses		251
Accounts and other payables		(1,657)
Tenant security deposit		(831)
Unearned revenues		796
Compensated absences		285
Accrued expenses		<u>2,020</u>
Net cash provided by (used) by operating activities	\$	<u><u>17,287</u></u>

See accompanying notes to the basic financial statements

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Putnam County Housing Authority (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority administers 184 units under Section 8 Housing Choice Vouchers program which provides housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD). Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation – (Continued)

The Authority operates the following programs in the enterprise fund:

Section 8 Housing Choice Vouchers - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

Section 8 New Construction - Under this program, HUD provides Section 8 project-based assistance to the housing authorities to help bridge the gap between the rents needed to make a project feasible and the rents affordable to the tenants. The project was initially financed through the USDA-RD Program, however, refinanced through a loan with North Salem State Bank.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of tenants and fraud receivable.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	15-40 years
Furniture, equipment and machinery - administrative	3-5 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the HAP fund under HCV program and security deposit and reserve fund under the Section 8 New Construction and Substantial Rehabilitation.

Compensated Absences

The Authority’s policies regarding vacation time permits employees to carry forward unused vacation leave till Dec 31st each year. Hence, the liability for these compensated absences is recorded all as short-term liabilities.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity - (Continued)

Equity Classifications

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted are available, the Authority’s policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Section 8 N/C & Substantial Rehabilitation	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Section 8 Housing Choice Vouchers	Housing assistance payments

For the year ended June 30, 2019, the Authority complied, in all material respects, with these revenue restrictions.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash Deposits

As of June 30, 2019, the Authority had the following cash deposits and investments:

Cash deposits	\$ <u>122,864</u>
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Following is a reconciliation of the Authority’s deposit balances as of June 30, 2019:

Cash and cash equivalents	\$ 109,699
Cash - restricted	<u>13,165</u>
Total	\$ <u>122,864</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2019, the Authority’s bank balances of \$123,169 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

3B. Restricted Assets

Restricted assets at June 30, 2019 consist of the following:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Accrued Interest	Total
HAP funds	\$ 4,833	\$	\$	\$ 4,833
Reserve account	5,776			5,776
Security deposit	<u>2,556</u>			<u>2,556</u>
	<u>\$ 13,165</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 13,165</u>

3C. Accounts Receivable

Receivables at June 30, 2019 consist of the following:

Tenant account receivable	\$ 8,176
Allowance for doubtful account	<u>(6,541)</u>
Tenants - net of allowance	1,635
Fraud recovery	<u>1,665</u>
Total Accounts Receivable	\$ <u>3,300</u>

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3D. Capital Assets

A summary of capital asset activity for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	(Retirement)	Reclass/ Transfers in (out)	Balance June 30, 2019
Non-depreciable assets:					
Land	\$ 33,120	\$ -	\$ -	\$ -	\$ 33,120
Construction in progress	-	1,770	(1,770)	-	-
Total non-depreciable assets	<u>33,120</u>	<u>1,770</u>	<u>(1,770)</u>	<u>-</u>	<u>33,120</u>
Depreciable assets:					
Building	796,397	49,054	-	-	845,451
Equipment - dwelling	540	1,060	-	-	1,600
Equipment - administration	22,117	503	-	-	22,620
Leasehold improvements	<u>20,528</u>	-	<u>1,770</u>	-	<u>22,298</u>
Total depreciable assets	839,582	50,617	1,770	-	891,969
Accumulated depreciation	<u>(460,118)</u>	<u>(30,152)</u>	-	-	<u>(490,270)</u>
Total depreciable assets, net	<u>379,464</u>	<u>20,465</u>	<u>1,770</u>	<u>-</u>	<u>401,699</u>
Capital assets, net	<u>\$ 412,584</u>	<u>\$ 22,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,819</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
HCV	\$ 351
S8 N/C	<u>29,801</u>
Total depreciation expense	<u>\$ 30,152</u>

3E. Accounts Payable

Accounts payable at June 30, 2019 consist of the following:

Vendors & contractors	\$ 1,607
Accrued liabilities	<u>491</u>
Total Accounts Payable	<u>\$ 2,098</u>

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3F. Non-Current Liabilities

Non-current liabilities at June 30, 2019 consists of the following:

Notes payable \$ 547,702

Changes in non-current liabilities

The following is the summary of changes in long-term liabilities:

<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due within One Year</u>
Notes payable	\$ <u>559,299</u>	\$ <u>---</u>	\$ <u>11,597</u>	\$ <u>547,702</u>	\$ <u>10,898</u>

Notes Payable – North Salem State Bank

In connection with the purchase of the Northview Apartments, the Authority assumed note from North Salem State Bank in the amount of \$578,232. The note payable is due in annual installments of \$33,156, including principal and interest, with final maturity scheduled for August 17, 2047 at an interest rate of 3.95%. The balance due as of June 30, 2019 is \$558,600 (including current portion). All land and structures of the project serve as collateral for this loan. The annual debt service requirements to maturity for long-term debt as of June 30, 2019, are as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 10,898	\$ 22,258	\$ 33,156
2021	11,403	21,753	33,156
2022	11,869	21,287	33,156
2023	12,353	20,803	33,156
2024-2028	69,633	96,147	165,780
2029-2033	85,114	80,666	165,780
2034-2038	94,957	70,823	165,780
2039-2043	126,961	38,819	165,780
2044-2048	135,412	2,738	138,150
	<u>\$ 558,600</u>	<u>\$ 375,294</u>	<u>\$ 933,894</u>

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 4 – OTHER NOTES

4A. Pension Plan

The Authority does not provide pension benefits to employees. As such, no employer contribution is recorded in FY 2019.

4B. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Auto-Insurance Company Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Technology Associated Risk Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4C. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4D. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense, interest expense and HAP and includes investment income in operating activities, which differs from the presentation of basic financial statements.

4E. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were 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 March 4, 2020 and concluded that no subsequent events have occurred that would require adjustment to or disclosure within these financial statements.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2019

NOTE 4 – OTHER NOTES – (Continued)

4F. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2020 federal budget.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 635,845
Section 8 Project-Based Cluster:		
Section 8 New Construction & Substantial Rehabilitation	14.182	<u>121,033</u>
Total Expenditures of Federal Awards		\$ <u><u>756,878</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Putnam County Housing Authority, Indiana (Authority) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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. The Authority has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

FINANCIAL DATA SCHEDULE
Year Ended June 30, 2019

	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	10.415 Rural Rental Housing Loans	Subtotal	Total
111 Cash - Unrestricted	\$49,055	\$60,644		\$109,699	\$109,699
113 Cash - Other Restricted	\$4,833	\$5,776		\$10,609	\$10,609
114 Cash - Tenant Security Deposits		\$2,556		\$2,556	\$2,556
100 Total Cash	\$53,888	\$68,976	\$0	\$122,864	\$122,864
126 Accounts Receivable - Tenants		\$8,176		\$8,176	\$8,176
126.1 Allowance for Doubtful Accounts - Tenants		-\$6,541		-\$6,541	-\$6,541
128 Fraud Recovery	\$419	\$1,246		\$1,665	\$1,665
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$419	\$2,881	\$0	\$3,300	\$3,300
142 Prepaid Expenses and Other Assets	\$5,480	\$3,653		\$9,133	\$9,133
150 Total Current Assets	\$59,787	\$75,510	\$0	\$135,297	\$135,297
161 Land		\$33,120		\$33,120	\$33,120
162 Buildings		\$845,451		\$845,451	\$845,451
163 Furniture, Equipment & Machinery - Dwellings		\$1,600		\$1,600	\$1,600
164 Furniture, Equipment & Machinery - Administration	\$12,228	\$10,392		\$22,620	\$22,620
165 Leasehold Improvements		\$22,298		\$22,298	\$22,298
166 Accumulated Depreciation	-\$11,674	-\$478,596		-\$490,270	-\$490,270
160 Total Capital Assets, Net of Accumulated Depreciation	\$554	\$434,265	\$0	\$434,819	\$434,819
180 Total Non-Current Assets	\$554	\$434,265	\$0	\$434,819	\$434,819
290 Total Assets and Deferred Outflow of Resources	\$60,341	\$509,775	\$0	\$570,116	\$570,116
312 Accounts Payable <= 90 Days	\$205	\$1,402		\$1,607	\$1,607
321 Accrued Wage/Payroll Taxes Payable	\$2,179	\$1,538		\$3,717	\$3,717
322 Accrued Compensated Absences - Current Portion	\$1,715	\$1,861		\$3,576	\$3,576
325 Accrued Interest Payable		\$1,390		\$1,390	\$1,390
341 Tenant Security Deposits		\$2,556		\$2,556	\$2,556
342 Unearned Revenue	\$1,058			\$1,058	\$1,058
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$10,898		\$10,898	\$10,898
346 Accrued Liabilities - Other		\$491		\$491	\$491
310 Total Current Liabilities	\$5,157	\$20,136	\$0	\$25,293	\$25,293
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$547,702		\$547,702	\$547,702
350 Total Non-Current Liabilities	\$0	\$547,702	\$0	\$547,702	\$547,702
300 Total Liabilities	\$5,157	\$567,838	\$0	\$572,995	\$572,995
508.4 Net Investment in Capital Assets	\$554	-\$124,335		-\$123,781	-\$123,781
511.4 Restricted Net Position	\$4,833	\$5,776		\$10,609	\$10,609
512.4 Unrestricted Net Position	\$49,797	\$60,496	\$0	\$110,293	\$110,293
513 Total Equity - Net Assets / Position	\$55,184	-\$58,063	\$0	-\$2,879	-\$2,879
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$60,341	\$509,775	\$0	\$570,116	\$570,116

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2019

	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	10.415 Rural Rental Housing Loans	Subtotal	Total
70300 Net Tenant Rental Revenue		\$31,621		\$31,621	\$31,621
70400 Tenant Revenue - Other		\$2,222		\$2,222	\$2,222
70500 Total Tenant Revenue	\$0	\$33,843	\$0	\$33,843	\$33,843
70600 HUD PHA Operating Grants	\$635,845	\$121,033		\$756,878	\$756,878
71100 Investment Income - Unrestricted	\$28	\$191		\$219	\$219
71400 Fraud Recovery	\$1,240			\$1,240	\$1,240
71500 Other Revenue	\$11,123	\$7,113		\$18,236	\$18,236
70000 Total Revenue	\$648,236	\$162,180	\$0	\$810,416	\$810,416
91100 Administrative Salaries	\$49,111	\$37,123		\$86,234	\$86,234
91200 Auditing Fees	\$3,318	\$2,212		\$5,530	\$5,530
91300 Management Fee		\$11,123		\$11,123	\$11,123
91500 Employee Benefit contributions - Administrative	\$8,932			\$8,932	\$8,932
91600 Office Expenses	\$15,228	\$7,793		\$23,021	\$23,021
91800 Travel	\$850	\$639		\$1,489	\$1,489
91900 Other	\$8,518	\$4,337		\$12,855	\$12,855
91000 Total Operating - Administrative	\$85,957	\$63,227	\$0	\$149,184	\$149,184
93100 Water		\$7,375		\$7,375	\$7,375
93200 Electricity		\$4,000		\$4,000	\$4,000
93000 Total Utilities	\$0	\$11,375	\$0	\$11,375	\$11,375
94100 Ordinary Maintenance and Operations - Labor	\$4,746	\$28,271		\$33,017	\$33,017
94200 Ordinary Maintenance and Operations - Materials and Other		\$14,056		\$14,056	\$14,056
94300 Ordinary Maintenance and Operations Contracts		\$6,561		\$6,561	\$6,561
94500 Employee Benefit Contributions - Ordinary Maintenance	\$880			\$880	\$880
94000 Total Maintenance	\$5,626	\$48,888	\$0	\$54,514	\$54,514
96110 Property Insurance		\$5,630		\$5,630	\$5,630
96120 Liability Insurance	\$3,980	\$418		\$4,398	\$4,398
96130 Workmen's Compensation	\$1,985	\$1,081		\$3,066	\$3,066
96140 All Other Insurance	\$128	\$72		\$200	\$200
96100 Total insurance Premiums	\$6,093	\$7,201	\$0	\$13,294	\$13,294
96210 Compensated Absences	\$4,365	\$5,057		\$9,422	\$9,422
96400 Bad debt - Tenant Rents		\$1,158		\$1,158	\$1,158
96000 Total Other General Expenses	\$4,365	\$6,215	\$0	\$10,580	\$10,580
96710 Interest of Mortgage (or Bonds) Payable		\$22,578		\$22,578	\$22,578
96700 Total Interest Expense and Amortization Cost	\$0	\$22,578	\$0	\$22,578	\$22,578
96900 Total Operating Expenses	\$102,041	\$159,484	\$0	\$261,525	\$261,525

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2019

	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	10.415 Rural Rental Housing Loans	Subtotal	Total
97000 Excess of Operating Revenue over Operating Expenses	\$546,195	\$2,696	\$0	\$548,891	\$548,891
97300 Housing Assistance Payments	\$553,883			\$553,883	\$553,883
97400 Depreciation Expense	\$351	\$29,801		\$30,152	\$30,152
90000 Total Expenses	\$656,275	\$189,285	\$0	\$845,560	\$845,560
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$8,039	-\$27,105	\$0	-\$35,144	-\$35,144
11020 Required Annual Debt Principal Payments	\$0	\$11,229	\$0	\$11,229	\$11,229
11030 Beginning Equity	\$63,223	\$0	-\$30,958	\$32,265	\$32,265
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$30,958	\$30,958	\$0	\$0
11170 Administrative Fee Equity	\$50,351			\$50,351	\$50,351
11180 Housing Assistance Payments Equity	\$4,833			\$4,833	\$4,833
11190 Unit Months Available	2208	288		2496	2496
11210 Number of Unit Months Leased	1774	227		2001	2001

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

Board of Commissioners
Putnam County Housing Authority
Greencastle, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Putnam County Housing Authority (Authority), Indiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued my report thereon dated March 4, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.

Audit Solutions, LLC

Chesterfield, Missouri

March 4, 2020

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

Board of Commissioners
Putnam County Housing Authority
Greencastle, Indiana

Report on Compliance for Each Major Federal Program

I have audited the Putnam County Housing Authority (Authority), Indiana’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2019. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Audit Solutions, LLC

Chesterfield, Missouri

March 4, 2020

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEAR
June 30, 2019

The prior audit report for the year ended June 30, 2018 contained no audit findings.

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
<u>Identification of Major programs:</u>	
➤ CFDA #14.871 Section 8 Housing Choice Vouchers	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

The current audit report for the year ended June 30, 2019 disclosed no Financial Statement audit findings.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended June 30, 2019 disclosed no Federal Awards audit finding and questioned costs.