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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

September 21, 2020

Board of Commissioners
Housing Authority of the City of Evansville
500 Court Street
Evansville, IN 47708

We have reviewed the audit report of the Housing Authority of the City of Evansville, which was opined upon by MCM CPAs & Advisors LLP, Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Evansville as of December 31, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, MCM CPAs & Advisors LLP prepared the audit report 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

The Housing Authority of the City of Evansville, Indiana

Financial Statements

Year Ended December 31, 2019

The Housing Authority of the City of Evansville, Indiana
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Year Ended December 31, 2019

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Independent Auditor's Report

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component units of The Housing Authority of the City of Evansville, Indiana (the "Authority") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Authority's discretely presented component units (Vision 1505, L.P., EHA RAD I, L.P., EHA RAD II, L.P., EHA RAD IV, L.P., CSSL, L.P., Evansville Townhomes, L.P., Trailside Townhomes, L.P. and Trailside Commons, L.P.). Those statements, which were prepared in accordance with the Accounting Standards Codification as issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. No material adjustments were necessary to convert the financial statements of the discretely presented component units to the financial reporting framework used by the Authority. The financial statements of EHA RAD I, L.P., EHA RAD II, L.P., and EHA RAD IV, L.P., were audited in accordance with *Government Auditing Standards*. The financial statements of Vision 1505, L.P., CSSL, L.P., Evansville Townhomes, L.P., Trailside Townhomes, L.P. and Trailside Commons, L.P. were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

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Independent Auditor's Report (Continued)

Auditors' Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors of Vision 1505, L.P., EHA RAD I, L.P., EHA RAD II, L.P., EHA RAD IV, L.P., CSSL, L.P., Evansville Townhomes, L.P., Trailside Townhomes, L.P. and Trailside Commons, L.P., the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the Authority, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 to 10 and the Schedules of the Authority's Proportionate Share of the Net Pension Liability and of the Authority's Contributions on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying financial data schedule is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

MCM CPAs & Advisors LLP

Lexington, Kentucky
August 17, 2020

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis
Year Ended December 31, 2019**

This section of The Housing Authority of the City of Evansville, Indiana's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial position, results of operations and cash flows during the fiscal year ended December 31, 2019. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements and accompanying notes.

Introduction - The Housing Authority of the City of Evansville, Indiana

The Authority is a Public Housing Authority with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority, and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from the Department of Housing and Urban Development ("HUD"). The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority has included as blended component units the activities for Advantix Development Corporation and Lincoln Estates Redevelopment, Inc., both non-profit organizations. Advantix includes the financial information of its wholly-owned subsidiaries as described in Note A. These entities are considered blended component units because the Authority has financial accountability and control over their boards of directors and management.

The Authority has also included, as discretely presented component units, the activities of Vision 1505, L.P. ("Vision LP"), EHA RAD I, L.P. ("RAD I"), EHA RAD II, L.P. ("RAD II"), EHA RAD IV, L.P. ("RAD IV"), CSSL, L.P., Evansville Townhomes L.P., Trailside Townhomes L.P. and Trailside Commons L.P. These entities are shown as discretely presented component units because the Authority is financially accountable for them; however, they do not have full operational responsibilities for these entities.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purposes. The financial transactions of the Authority are recorded in the funds that consist of a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses, as appropriate. The Authority is a self-supporting entity and follows enterprise fund reporting.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in net position of the Authority. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow this section.

Financial Statements

The basic financial statements include three required statements, which provide different views of the Authority. They are the *Statement of Net Position*, the *Statement of Revenues, Expenses and Changes in Net Position* and the *Statement of Cash Flows*. These statements provide current and long-term information about the Authority's financial condition and activities.

The *Statement of Net Position* includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in 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 of its costs through externally funded programs, tenant rents and other revenue sources.

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019**

Financial Statements (Continued)

The primary purpose of the *Statement of Cash Flows* is to provide information about the Authority's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Authority's most significant financial highlights consist of the following:

- The Authority's net position increased by approximately \$1.2 million during 2019 and increased by approximately \$3.2 million during 2018.
- Operating revenues decreased by approximately \$7.6 million from 2018 to 2019 and were approximately \$23.9 million for 2019 and \$31.4 million for 2018.
- Total operating expenses for the Authority's programs decreased by approximately \$5.1 million from 2018 to 2019. Total operating expenses were approximately \$23.6 million for 2019 and \$28.7 million for 2018.
- Net nonoperating income (expense), capital grants and other special items for the Authority increased by approximately \$0.6 million from 2018 to 2019. Total net nonoperating income and capital grants was approximately \$1.0 million in income for 2019 and a \$0.4 million income for 2018. The increase from 2018 to 2019 was from the gain sale of Housing Property from Advantix to a Low Income Tax Credit finance development project of \$863,000 plus donations received of \$76,000 and other miscellaneous income of \$60,000.

The Authority has several programs that are consolidated into a single enterprise fund. The main programs consist of the following:

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority provides rental housing assistance subsidies in support of 2,483 housing units in 2019. The purpose of the program is to provide decent affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019**

Net Position

The following table is a condensed summary of net position of the business-type activities of the Authority at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 10,614,377	\$ 11,964,894	\$ (1,350,517)	-11.3%
Capital assets, net	6,211,679	6,113,788	97,891	1.6%
Notes receivable, net	22,080,500	21,055,500	1,025,000	4.9%
Other assets	<u>328,243</u>	<u>-</u>	<u>328,243</u>	<u>100.0%</u>
Total assets	39,234,799	39,134,182	100,617	0.3%
Deferred outflows of resources	<u>68,432</u>	<u>80,737</u>	<u>(12,305)</u>	<u>-15.2%</u>
Total assets and deferred outflows of resources	39,303,231	39,214,919	88,312	0.2%
Liabilities				
Current liabilities	1,380,677	2,280,696	(900,019)	-39.5%
Noncurrent liabilities	<u>1,428,546</u>	<u>1,560,156</u>	<u>(131,610)</u>	<u>-8.4%</u>
Total liabilities	2,809,223	3,840,852	(1,031,629)	-26.9%
Deferred inflows of resources	<u>203,764</u>	<u>328,056</u>	<u>(124,292)</u>	<u>-37.9%</u>
Total liabilities and deferred inflows of resources	3,012,987	4,168,908	(1,155,921)	-27.7%
Net position				
Net investment in capital assets	6,211,679	6,113,788	97,891	1.6%
Restricted	47,076	365	46,711	12797.5%
Unrestricted	<u>30,031,489</u>	<u>28,931,858</u>	<u>1,099,631</u>	<u>3.8%</u>
Total net position	<u>\$ 36,290,244</u>	<u>\$ 35,046,011</u>	<u>\$ 1,244,233</u>	<u>3.6%</u>

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019**

Major Factors Affecting the Statement of Net Position

Total assets of the Authority as of December 31, 2019 and 2018 amounted to \$39,234,799 and \$39,134,182, respectively. Current assets primarily consist of cash and receivables and other current assets. Non-current assets primarily consist of capital assets and notes receivable. Capital assets primarily include land, buildings and improvements, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. Notes receivable primarily consist of loans made to the discretely presented component units for the sale of property at appraised values. The principal change in assets from December 31, 2018 to December 31, 2019 was due an decrease in current assets of \$1,350,517 which was offset by an increase in notes receivable of \$1,025,000 and an increase in other assets of \$328,243.

Total liabilities of the Authority are \$2,809,223 and \$3,840,852 as of December 31, 2019 and 2018, respectively. Current liabilities primarily include accounts payable and accrued expenses. Noncurrent liabilities primarily include the accrued pension obligation and mortgage and other notes payable, net of current portion. Current liabilities have decreased by \$900,019 primarily due to the timing of construction payables and accounts payable retention in 2019. Noncurrent liabilities have decreased by \$131,610, primarily due to a decrease in the accrued pension obligation and increased FSS Escrow accrued in 2019.

Deferred outflows of resources are \$68,432 and \$80,737 as of December 31, 2019 and 2018, respectively. Deferred inflows of resources are \$203,764 and \$328,056 as of December 31, 2019 and 2018, respectively. Deferred outflows and inflows of resources are related to the pension obligation and are being amortized into pension expense over the average expected remaining service life, except for the difference between expected and actual investment earnings, which is amortized over five years.

Net position represents the Authority's equity, a portion of which is restricted for certain use. Net position is divided into three major categories. The first category, net investment in capital assets shows the Authority's equity in land, buildings and improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category, restricted, is reserved for the programs mandated by HUD. The last category, unrestricted, is available to use for any lawful and prudent purpose of the Authority. The increase in net position is due to operating and nonoperating income during 2019.

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019**

Revenues, Expenses and Changes in Net Position

The following table is a condensed summary of revenues, expenses and changes in net position for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues				
Tenant revenue	\$ 823,454	\$ 465,687	\$ 357,767	76.8%
HUD PHA operating grants	14,028,422	13,473,540	554,882	4.1%
Other government grants	581,878	239,778	342,100	142.7%
Fraud recovery income	23,791	17,946	5,845	32.6%
Other revenue	<u>8,411,132</u>	<u>17,237,931</u>	<u>(8,826,799)</u>	<u>-51.2%</u>
Total operating revenues	23,868,677	31,434,882	(7,566,205)	-24.1%
Operating expenses				
Administration	2,185,459	1,957,997	227,462	11.6%
Tenant services	113,125	132,216	(19,091)	-14.4%
Utilities	136,248	104,872	31,376	29.9%
Ordinary maintenance and operations	523,352	582,409	(59,057)	-10.1%
Protective Services	-	195	(195)	-100.0%
Insurance	179,045	232,934	(53,889)	-23.1%
Other general expenses	7,355,086	13,554,060	(6,198,974)	-45.7%
Housing assistance payments	12,605,376	11,621,626	983,750	8.5%
Depreciation expense	<u>525,963</u>	<u>509,807</u>	<u>16,156</u>	<u>3.2%</u>
Total operating expenses	<u>23,623,654</u>	<u>28,696,116</u>	<u>(5,072,462)</u>	<u>-17.7%</u>
Operating income (expense)	245,023	2,738,766	(2,493,743)	-91.1%
Nonoperating income (expense), net	999,210	413,214	585,996	141.8%
Capital grants - hard costs	<u>-</u>	<u>56,240</u>	<u>(56,240)</u>	<u>-100.0%</u>
Change in net position	<u>\$ 1,244,233</u>	<u>\$ 3,208,220</u>	<u>\$ (1,963,987)</u>	<u>-61.2%</u>

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

During 2019, the Authority's net operating income was approximately \$200 thousand. Net nonoperating income and other special items resulted in approximately \$1.0 million in income which primarily consisted of gains recognized on the sale of Advantix housing to Low-Income Tax Credit Partnership plus other miscellaneous income.

During 2018, the Authority's net operating income was approximately \$2.7 million. Net nonoperating income, capital grants and other special items resulted in approximately \$304 million in income which primarily consisted of gains on the sale of property to the RAD IV partnership plus interest earned on related notes.

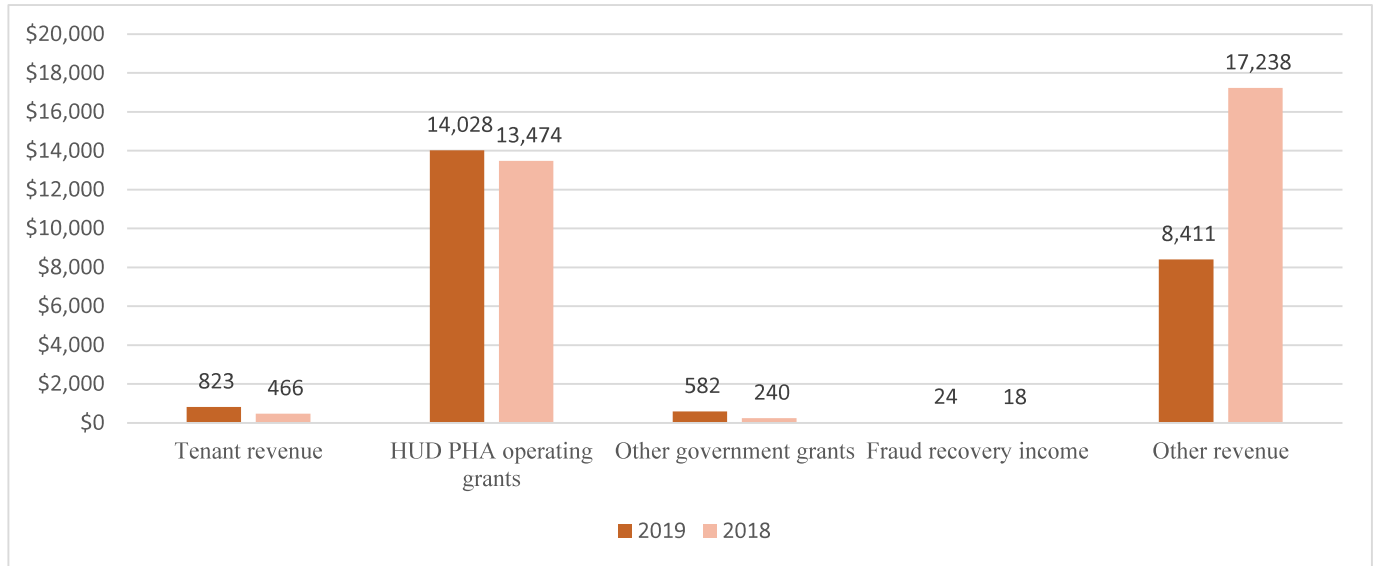
**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019**

Revenues, Expenses and Changes in Net Position (Continued)

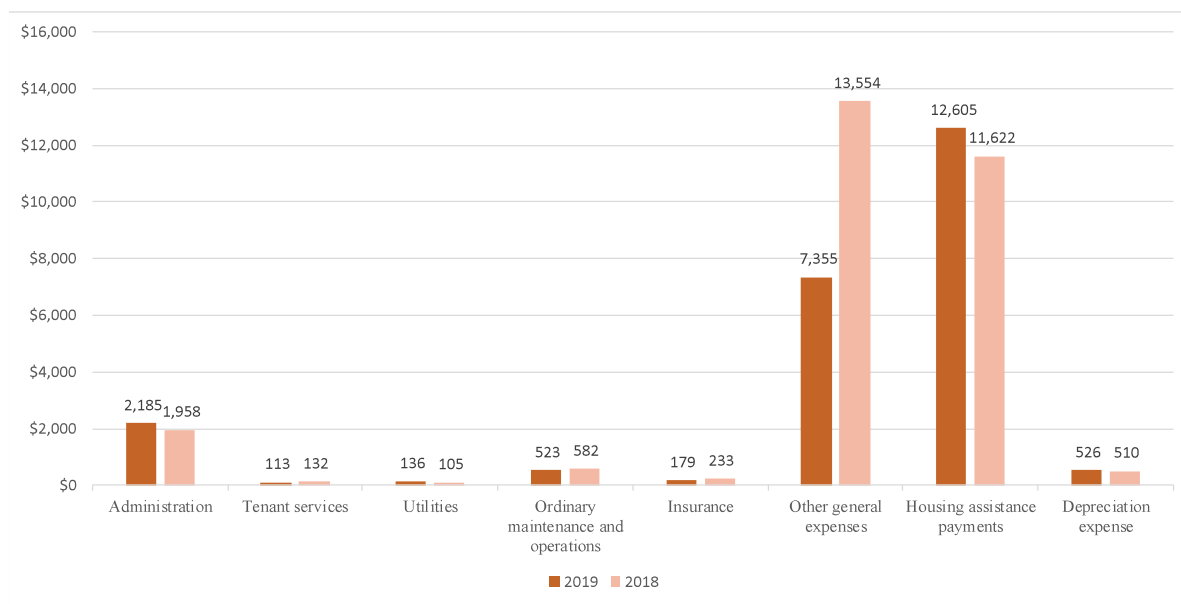
As seen in the charts below, the most important factors affecting the change in the Authority's operating income in 2019 were the decreases in other revenue.

Operating revenue and expenses are shown in detail in the charts below:

Operating Revenue - 2019 and 2018 (Dollars in Thousands)



Operating Expenses - 2019 and 2018 (Dollars in Thousands)



**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019**

Capital Assets

As of December 31, 2019 and 2018, the Authority had approximately \$6.2 and \$6.1 million, respectively, invested in a variety of capital assets as reflected in the following table:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,644,281	\$ 1,352,080
Buildings and improvements	13,045,477	15,670,134
Furniture, equipment and machinery	858,514	768,248
Construction in progress	306,278	36,612
Accumulated depreciation	<u>(9,642,871)</u>	<u>(11,713,286)</u>
Capital assets, net	<u>\$ 6,211,679</u>	<u>\$ 6,113,788</u>

In 2019, the Authority had capital expenditures of approximately \$1,165 million while recognizing depreciation expense of approximately \$526 thousand.

In 2018, the Authority had capital expenditures of approximately \$264 thousand while recognizing depreciation expense of approximately \$510 thousand.

See Note D in the *Notes to Financial Statements* for additional disclosures regarding changes in capital assets during the year ended December 31, 2019.

Long-term Debt

Long-term debt outstanding totaled \$0.656 thousand and \$0.733 thousand at December 31, 2019 and 2018, respectively. The decrease in long-term debt was due to an regularly scheduled debt payments.

Requests of Information

This financial report is designed to provide a general overview of the Authority's finances and resources. Questions concerning any of this information should be addressed to The Housing Authority of the City of Evansville, Indiana, 402 Court Street, Suite B, Evansville, Indiana, 47708.

Requests for full financial information of the discretely presented component units should also be addressed to The Housing Authority of the City of Evansville, Indiana, 402 Court Street, Suite B, Evansville, Indiana, 47708.

The Housing Authority of the City of Evansville, Indiana
Statement of Net Position
December 31, 2019

	Primary government	Discretely presented component units
Current assets		
Cash and cash equivalents - unrestricted	\$ 2,825,301	\$ 875,118
Cash and cash equivalents - restricted for modernization and development	-	10,327
Cash and cash equivalents - other restricted	601,397	3,317,103
Cash and cash equivalents - tenant security deposits	17,545	112,302
Certificates of deposit	921,259	-
Accounts receivable - HUD	28,316	244
Accounts receivable - tenants	-	29,866
Accounts receivable - other government	78,756	-
Accounts receivable - other	2,995,578	-
Notes receivable - current	1,764,274	-
Prepaid expense and other current assets	1,381,951	300,183
Total current assets	10,614,377	4,645,143
Noncurrent assets		
Capital assets, at cost, less accumulated depreciation	6,211,679	78,779,852
Notes receivable, net	22,080,500	-
Other investments	328,243	-
Other assets	-	230,726
Total noncurrent assets	28,620,422	79,010,578
Total assets	39,234,799	83,655,721
Deferred outflows of resources		
Deferred pension costs	68,432	-
Total assets and deferred outflows of resources	39,303,231	83,655,721
Current liabilities		
Accounts payable	46,355	1,402,142
Tenant security deposits	17,145	93,410
Unearned revenue	26,041	16,898
Accrued compensated absences - current portion	58,734	-
Accrued wages and payroll taxes	101,659	-
Accrued expenses and other current liabilities	1,043,693	616,045
Current portion of long-term debt	87,050	5,373,700
Total current liabilities	1,380,677	7,502,195
Noncurrent liabilities		
Other liabilities	164,014	5,548,531
Accrued compensated absences, net of current portion	28,558	-
Accrued interest	-	2,023,345
Accrued pension obligation	666,631	-
Mortgage and other notes payable, net of current portion	569,343	40,589,033
Total noncurrent liabilities	1,428,546	48,160,909
Total liabilities	2,809,223	55,663,104
Deferred inflows of resources		
Deferred pension revenue	203,764	-
Total liabilities and deferred inflows of resources	3,012,987	55,663,104
Net position		
Net investment in capital assets	6,211,679	32,817,119
Restricted	47,076	-
Unrestricted	30,031,489	(4,824,502)
Total net position	\$ 36,290,244	\$ 27,992,617

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

	<u>Primary government</u>	<u>Discretely presented component units</u>
Operating revenues		
Tenant revenue	\$ 823,454	\$ 5,089,997
HUD PHA operating grants	14,028,422	-
Other government grants	581,878	-
Fraud recovery income	23,791	-
Other revenue	<u>8,411,132</u>	<u>77,333</u>
Total operating revenues	23,868,677	5,167,330
Operating expenses		
Administration	2,185,459	1,262,936
Tenant services	113,125	-
Utilities	136,248	1,428,167
Ordinary maintenance and operations	523,352	1,391,157
Protective services	-	146,514
Insurance	179,045	326,573
Other general expenses	7,355,086	128,047
Housing assistance payments	12,605,376	-
Depreciation expense	<u>525,963</u>	<u>2,443,185</u>
Total operating expenses	<u>23,623,654</u>	<u>7,126,579</u>
Net operating income (loss)	245,023	(1,959,249)
Nonoperating income (expense)		
Investment income - unrestricted	169,110	8,449
Interest expense and amortization cost	(32,805)	(2,006,611)
Gain on disposal of capital assets	<u>862,905</u>	<u>-</u>
Total nonoperating income (expense)	<u>999,210</u>	<u>(1,998,162)</u>
Changes in net position	1,244,233	(3,957,411)
Net position, beginning of year	35,046,011	20,861,940
Prior period adjustment	-	263,551
Capital contributions	<u>-</u>	<u>10,824,537</u>
Net position, end of year	<u>\$ 36,290,244</u>	<u>\$ 27,992,617</u>

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Statement of Cash Flows
Year Ended December 31, 2019

	<u>Primary government</u>
Cash flows from operating activities	
Cash received from tenants	\$ 848,324
Cash received from HUD grants	14,036,492
Cash received from other governmental grants	516,327
Cash received from other sources	7,872,318
Cash payments to employees for services	(1,663,799)
Cash payments for employee benefits	(222,229)
Cash payments to participants in the Housing Choice Voucher Program	(12,605,376)
Cash payments to other suppliers for goods and services	<u>(9,993,140)</u>
Net cash provided by operating activities	(1,211,083)
Cash flows from capital and related financing activities	
Capital contribution to discretely presented component unit	(100)
Purchases of capital assets	(1,306,642)
Repayment of loan payable	(77,023)
Issuance of notes receivable	(25,000)
Payments received on notes receivable	235,726
Interest paid	<u>(32,805)</u>
Net cash used by capital and related financing activities	(1,205,844)
Cash flows from investing activities	
Change in certificates of deposit	148,661
Interest received	<u>169,110</u>
Net cash provided by investing activities	<u>317,771</u>
Decrease in cash	(2,099,156)
Cash and cash equivalents	
Beginning of year	<u>5,543,399</u>
End of year	<u>\$ 3,444,243</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents - unrestricted	\$ 2,825,301
Cash and cash equivalents - other restricted	601,397
Cash and cash equivalents - tenant security deposits	<u>17,545</u>
Total cash and equivalents	<u>\$ 3,444,243</u>

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Statement of Cash Flows (Continued)
Year Ended December 31, 2019

	<u>Primary government</u>
Operating activities net operating income	\$ 245,023
Adjustments to reconcile net operating income to net cash provided (used) by operating activities	
Depreciation expense	525,963
Bad debt expense - tenant rents	7,992
Decrease (increase) in assets	
Accounts receivable - HUD	8,070
Accounts receivable - tenants	(5,754)
Accounts receivable - other government	(65,551)
Accounts receivable - development costs	1,952,060
Accounts receivable - other	(2,490,874)
Prepaid expenses and other current assets	(321,419)
Deferred outflows of resources	12,305
Increase (decrease) in liabilities	
Accounts payable	(1,304,804)
Tenant security deposits	260
Unearned revenue	(1,419)
Accrued wages and payroll taxes	20,107
Accrued expenses and other current liabilities	370,796
Accrued compensated absences	4,445
Other liabilities	20,422
Accrued pension obligation	(64,413)
Deferred inflows of resources	<u>(124,292)</u>
Net cash provided by operating activities	<u>\$ (1,211,083)</u>

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Schedule of Noncash Financing and Investment Activities

Capital assets contributed to subsidiaries	\$ (328,143)
Capital asset sale in exchange for note receivable	(1,000,000)
Capital asset sale in accounts receivable at year end	(262,000)
Net noncash capital asset transfers	4,105
Interest receivable written off	(44,450)

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements
Year Ended December 31, 2019

Note A - Nature of Organization and Operations

Nature of Operations

The Housing Authority of the City of Evansville, Indiana (the "Authority" or the "Primary Government"), a governmental entity, is organized under the laws of the State of Indiana ("State") for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owned and operated 135 public housing units through October 31, 2018, at which time all public housing units were disposed of through the Rental Assistance Demonstration Program. The Authority also administers 2,483 Section 8 vouchers, under an Annual Contributions Contract ("ACC") in Evansville, Indiana.

The Authority's activities include the following program:

Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher Program, the Authority provides rental housing assistance subsidies in support of 2,483 housing units. The purpose of the program is to provide decent affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

Reporting Entity

The Housing Authority of the City of Evansville - The Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The 7-member Board of Commissioners of the Authority is appointed to 4-year staggering terms by the Mayor of the City of Evansville, but the Authority designates its own management. The City of Evansville is not financially accountable for the Authority as it cannot impose its will on the Authority, and there is no potential for the Authority to provide financial benefits to, or impose financial burdens on the City of Evansville. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Evansville.

The following entities are reported as blended component units because the Authority has financial accountability and control over their boards of directors and management.

Advantix Development Corporation ("Advantix") - The Authority established the non-profit entity, which is legally separate from the Authority. The purpose of the entity is to foster low-income housing within the State of Indiana through ownership, development, construction, property management and RAD consultation. The board consists of 8 members, all of which are Authority board members.

ADC V1505 Inc.: ADC V1505, Inc. has 1,000 shares of common stock, 490 shares are owned by Advantix Development Corporation and 510 shares are owned by the Authority. ADC V1505, Inc. is the .008% general partner in Vision 1505, L.P ("Vision LP"). Vision LP operates a 32-unit, residential supportive apartment project known as Vision 1505 located in Evansville, Indiana. Due to the limited activity in this entity, all activity is incorporated into the financial information of Advantix.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note A - Nature of Organization and Operations (Continued)

Advantix established and wholly owns the following entities:

- Lincoln Estates Redevelopment Corporation and Lincoln Estates Redevelopment Partnership, L.P.
- Corydon SSL, LLC, which is the .009% general partner in CSSL, L.P. ("CSSL")
- Evansville RAD One, LLC, which is the .01% general partner in EHA RAD I, L.P. ("RAD I") and EHA RAD II, L.P. (RAD II). RAD I owns and operates a 438-unit apartment community. RAD II owns and operates a 121-unit apartment community. RAD I and RAD II apartment communities are both located in Evansville, Indiana.
- Evansville RAD Four, LLC, which is the .01% general partner in EHA RAD IV, L.P. ("RAD IV"). RAD IV operates a 194-unit apartment community located in Evansville, Indiana.
- ET Evansville, LLC is the .01% general partner in Evansville Townhomes, L.P.
- Trailside Townhomes GP, LC is the .01% general partner in Trailside Townhomes, LP.
- SP Kokomo, LLC is the .01% general partner in Trailside Commons, L.P.

The activity of Lincoln Estates Redevelopment Partnership LP is included within Lincoln Estates Redevelopment Corporation. Activity of the remaining entities is included in the Advantix financial information in these financial statements.

RAD I, RAD II and RAD IV as well as Evansville Townhomes, L.P., Trailside Townhomes, LP. and Trailside Commons, L.P. units are rented to low-income individuals and, as a result, federal income tax credits are available to investors. The RAD I Partnership's major program is the Section 221 (d) (4) insured mortgage. The other entities have entered into a housing assistance payment contract ("HAP contract") with Evansville Housing Authority (the primary government). The contract is a rent assistance program for low-income families (or persons) as provided by the Section 8 Program of the National Housing Act.

The Authority has included, as discretely presented component units, the activity for Vision LP, RAD I, RAD II, RAD IV, CSSL, Evansville Townhomes, L.P., Trailside Townhomes, LP. and Trailside Commons, L.P. These entities are shown as discretely presented component units because the Authority, through its blended component unit, Advantix, is financially accountable for them; however, they do not have full operational responsibility for the entities. ADC V1505, Inc. (which is included as a blended component of the Authority) has a .001% general partner interest in Vision LP. Vision LP operates a 32-unit, residential supportive apartment project known as Vision 1505 located in Evansville, Indiana.

Requests for full financial information of Vision LP, RAD I, RAD II, RAD IV, CSSL, Evansville Townhomes, Trailside Townhomes and Trailside Commons (the Discretely Presented Component Units) should be addressed to The Housing Authority of the City of Evansville, Indiana, 402 Court Street, Suite B, Evansville, Indiana, 47708.

Note B - Summary of Organization and Significant Accounting Policies

This summary of significant accounting policies of the Authority is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies are in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

1. **Basis of Presentation:** The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Authority accounts for all of its activity as a proprietary fund which includes business-type activities that are financed in whole or in part by fees charged to external parties.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Organization and Significant Accounting Policies (Continued)

2. Estimates: The preparation of financial statements in accordance 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, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
3. Measurement Focus, Basis of Accounting and Financial Statement Presentation: The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.
4. Revenue and Expenses: Revenue from rentals is recorded as earned over the life of the lease, and expenses are charged against such revenue as incurred without regard to the date of receipt or payment of cash. Rental agreements generally do not exceed one year, but are renewable.

The discretely presented component units recognize net rent revenue in the period in which the rent is earned.

The Authority has entered into annual contribution contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 programs whereby the Authority pays the owner a portion of the rent, a housing assistance payment ("HAP"), on behalf of the family. Such contributions are reflected as HUD grants in the accompanying financial statements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, tenant services, utilities, maintenance, protective services, insurance, depreciation, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. This includes capital subsidies for the Capital Fund Program.

5. Cash and Cash Equivalents: The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are stated at fair value.
6. Investments: Investments consist of certificates of deposit and are stated at cost, which approximates fair value given the nature of the investments.
7. Other Investments: Other investments represent general partner equity contributions by certain subsidiaries of Advantix related to certain discretely presented component units.
8. Allowance for Doubtful Accounts: The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. For the year ended December 31, 2019, management has determined the allowance for doubtful accounts to be \$25,500 for notes receivable and \$2,177,750 for accrued interest receivable.
9. Capital Assets: Capital assets are recorded at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments are capitalized. The Authority capitalizes capital asset purchases over \$5,000. Gain or loss on retirements and disposition of assets is credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Organization and Significant Accounting Policies (Continued)

9. Capital Assets (Continued): Capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10 - 39 years
Furniture, equipment and machinery	5 - 7 years

The Authority evaluates prominent events or changes in circumstances affecting capital assets to determine when impairment of a capital asset has occurred. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage are generally measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off.

10. Deferred Outflows of Resources: The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section on the Statement of Net Position.
11. Deferred Inflows of Resources: The Authority reports increases in net position that relate to future periods as deferred inflows of resources in a separate section on the Statement of Net Position.
12. Pension Plan: The employees of the Authority participate in the Indiana Public Retirement System ("INPRS"). The Authority recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense.
13. Compensated Absences: Compensated absences are those for which employees will be paid, such as vacation. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside of the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.
14. Net Position: The Authority classifies net position for accounting and financial reporting purposes in the following net position categories:
- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Organization and Significant Accounting Policies (Continued)

15. Use of Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.
16. Primary Government Income Taxes: Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170(c)(1) of the Internal Revenue Code of 1986, as amended.
17. Discretely Presented Component Unit's Income Taxes: No provision for federal or state income taxes has been made in the Discretely Presented Component Unit's financial statements as the federal and state income tax effect on the Discretely Presented Component Unit's activities accrues to its partners.
18. Discretely Presented Component Units - Capital Contributions: Vision LP's limited partner made capital contributions totaling \$7,155,588 at various times, as specified in the partnership agreement. As of December 31, 2019, all investor limited partner contributions have been received. The general partner is required to contribute \$100 in capital contributions to the partnership; as of December 31, 2019, all required capital contributions have been received. The special limited partners A and B are to make capital contribution of \$100 each, of which \$100 is outstanding at December 31, 2019.

RAD I's investor limited partner is required to make capital contributions totaling \$11,252,915 at various times, as specified in the partnership agreement. As of December 31, 2019, all investor limited partner contributions have been received. RAD I's administrative limited partner and general partner each made capital contributions of \$100, as required by the partnership agreement.

RAD II's investor limited partner is required to make capital contributions totaling \$3,799,479 at various times, as specified in the partnership agreement. During 2019, there was a downward adjuster of \$54,439. As of December 31, 2019, all investor limited partner contributions have been received. RAD II's general partner and administrative limited partner each made capital contributions of \$100, as required by the partnership agreement.

RAD IV's investor limited partner is required to make capital contributions totaling \$6,387,689 at various times, as specified in the partnership agreement. As of December 31, 2019, capital contributions totaling \$2,930,533 have been made. RAD IV's general partner and administrative limited partner each made capital contributions of \$100, as required by the partnership agreement.

CSSL's investor limited partner is required to make capital contributions totaling \$9,549,000 at various times, as specified in the partnership agreement. As of December 31, 2019, capital contributions totaling \$6,686,400 have been made. CSSL's general partner made a capital contribution of \$100, as required by the partnership agreement.

Evansville Townhomes' limited partner is required to make capital contributions totaling \$8,800,000 at various times as specified in the partnership agreement. As of December 31, 2019, capital contributions totaling \$1,760,000 have been made. Evansville Townhomes' general partner made a capital contribution of \$147,143, as required by the partnership agreement.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Organization and Significant Accounting Policies (Continued)

18. Discretely Presented Component Units - Capital Contributions (Continued): Trailside Townhomes' limited partner is required to make capital contributions totaling \$6,422,000 at various times as specified in the partnership agreement. As of December 31, 2019, capital contributions totaling \$1,284,400 have been made. Trailside Townhomes' general partner made a capital contribution of \$105,000, as required by the partnership agreement.

Trailside Commons' limited partner is required to make \$6,246,000 at various times as specified in the partnership agreement. As of December 31, 2019, capital contributions totaling \$1,249,200 have been made. Trailside Commons' general partner made a capital contribution of \$76,000, as required by the partnership agreement.

Discretely presented net position attributable to third party investors is 99.99% in total.

19. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available for issuance. See Note N.

Note C - Cash, Cash Equivalents, and Investments

During the year ended December 31, 2019, the Authority held cash, cash equivalents and investments with several financial institutions. In accordance with GASB Statement No. 40 "Deposits and Investment Risk Disclosures," information related to cash, cash equivalents and investments is as follows:

1. Custodial Credit Risk: Custodial credit risk is the risk that the Authority will not be able to recover the value of its deposits that are in the possession of an outside party if the counterparty fails. Cash is exposed to risk if it is not covered by depository insurance in the pledging financial institution. The Federal Deposit Insurance Corporation ("FDIC") generally insures deposits up to \$250,000 per bank. In addition, the State of Indiana's Public Deposit Insurance Fund ("PDIF") insures public funds deposited in approved financial institutions which exceed the limits of coverage provided by any federal deposit insurance. At December 31, 2019, all of the Authority's cash was insured by FDIC or PDIF.
2. Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Authority's investment policy limits investments to provide the optimum return on the investment consistent with the cash management program of the Authority.

Investments are made based upon prevailing market conditions at the time of the transaction. The Authority reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority.

3. Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. The Authority's investment policy requires investments to be made in accordance with HUD Financial Handbook, 7475.1 Chapter 4.
4. Concentration of Credit Risk: The Authority's investment policy does not limit the amount it may invest with one financial institution as long as all funds are secured by the FDIC or identifiable United States government securities.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note C - Cash, Cash Equivalents, and Investments (Continued)

5. Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or deposit. All of the Authority's deposits and investments are denominated in United States currency.

The carrying value of cash and cash equivalents owned at December 31, 2019, was \$3,444,243. The bank balance of cash and cash equivalents owned at December 31, 2019, was \$4,025,282.

Investments are carried at fair value. The financial statements reflect the accounting standard related to fair value measurements, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

The standard defines levels with the hierarchy of inputs as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Authority's investments consist of certificates of deposit which are valued at the face amount plus any interest accrued. Fair values of the Authority's investments at December 31, 2019, are as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	<u>\$ 921,259</u>	<u>\$ 921,259</u>	<u>\$ -</u>	<u>\$ -</u>

Discretely Presented Component Unit Deposits

As of December 31, 2019, the carrying value of cash and cash equivalents held by the discretely presented component units was \$4,314,850. At times, the bank balances held with financial institutions may exceed federally insured limits. However, there have been no losses in such accounts and management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Regulations of HUD require that security deposits be segregated from cash. Accordingly, the discretely presented component units hold all security deposits in a separate account. At December 31, 2019, amounts held for security deposits totaled \$112,302. Regulations of HUD also require that deposits for modernization and development activities be classified as restricted. As of December 31, 2019, deposits for development related obligations totaled \$10,327.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note C - Cash, Cash Equivalents, and Investments (Continued)

Pursuant to various agreements, the discretely presented component units must hold amounts in reserves for restricted use. The following is a summary of activity in the reserve accounts for the year ended December 31, 2019:

	Operating reserve	Expense coverage reserve	Subsidy reserve	Replacement reserve	Bond service reserve	Latent defect escrow	Mortgage escrow reserve	Total
Balance - January 1, 2019	\$ 1,616,315	\$ 100,000	\$ 250,692	\$ 225,859	\$ -	\$ 105,536	\$ 87,169	\$ 2,385,571
Additions	5,477	878	201	253,537	-	742,809	17,297	1,020,199
Withdrawals	(47)	(1,006)	-	(17,289)	-	(70,325)	-	(88,667)
Balance - December 31, 2019	<u>\$ 1,621,745</u>	<u>\$ 99,872</u>	<u>\$ 250,893</u>	<u>\$ 462,107</u>	<u>\$ -</u>	<u>\$ 778,020</u>	<u>\$ 104,466</u>	<u>\$ 3,317,103</u>

Note D - Capital Assets

The following is a summary of changes in the capital assets of the primary government for the year ended December 31, 2019:

	Balance December 31, 2018	Additions	Disposals	Transfers	Balance December 31, 2019
Land	\$ 1,352,080	\$ 292,201	\$ -	\$ -	\$ 1,644,281
Buildings and improvements	15,670,134	14,981	(3,082,791)	443,153	13,045,477
Furniture, equipment and machinery	768,248	145,987	(66,473)	10,752	858,514
Construction in progress	36,612	712,819	-	(443,153)	306,278
	17,827,074	1,165,988	(3,149,264)	10,752	15,854,550
Accumulated depreciation	(11,713,286)	(525,963)	2,596,378	-	(9,642,871)
Total capital assets	<u>\$ 6,113,788</u>	<u>\$ 640,025</u>	<u>\$ (552,886)</u>	<u>\$ 10,752</u>	<u>\$ 6,211,679</u>

Total depreciation expense for the year ended December 31, 2019 was \$525,963.

The following is a summary of changes in the capital assets of the discretely presented component units for the year ended December 31, 2019:

	Balance December 31, 2018	Additions	Disposals	Transfers	Balance December 31, 2019
Land	\$ 1,169,000	\$ 597,600	\$ -	\$ -	\$ 1,766,600
Buildings and improvements	61,071,888	992,543	-	8,521,774	70,586,205
Furniture, equipment and machinery	1,359,031	279,721	-	1,637,360	3,276,112
Construction in progress	10,159,134	8,767,535	-	(10,159,134)	8,767,535
	73,759,053	10,637,399	-	-	84,396,452
Accumulated depreciation	(3,175,896)	(2,440,704)	-	-	(5,616,600)
Total capital assets	<u>\$ 70,583,157</u>	<u>\$ 8,196,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,779,852</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note E - Notes Receivable

Notes receivable, including related accrued interest, for the primary government consisted of the following as of December 31, 2019:

EHA RAD I, L.P. - sellers note receivable	\$ 6,690,000
EHA RAD I, L.P. - ADC note receivable	800,000
EHA RAD I, L.P. - note receivable	3,250,000
EHA RAD II, L.P. - note receivable	3,400,000
EHA RAD IV, L.P. - note receivable	6,890,000
EHA RAD IV, L.P. - construction note receivable	1,764,274
Trailside Townhomes - note receivable	25,000
Evansville Townhomes - note receivable	1,000,000
Memorial Community Development Corporation	<u>51,000</u>
 Total notes receivable	 23,870,274
 Less allowance for doubtful accounts	 (25,500)
 Less current portion	 <u>(1,764,274)</u>
 Notes receivable - less current portion	 <u><u>\$ 22,080,500</u></u>

EHA RAD I, L.P. - Sellers Note Receivable - On May 1, 2016, the Authority sold 4 public housing properties consisting of a combined 438 units, to EHA RAD I, L.P. Permanent financing was provided by the Authority under a loan commitment of \$6,690,000. The loan is secured by a 5th mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing February 1, 2018. At December 31, 2019 an allowance has been provided for accrued interest totaling \$769,350. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD I, L.P. - ADC Note Receivable - On May 1, 2016, the Authority sold 4 public housing properties consisting of a combined 438 units, to EHA RAD I, L.P. Permanent financing was provided by the Authority under a loan commitment of \$800,000. The loan is secured by a 4th mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing February 1, 2018. At December 31, 2019 an allowance has been provided for accrued interest totaling \$92,000. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD I, L.P. - Note Receivable - On May 1, 2016, the Authority sold 4 public housing properties consisting of a combined 438 units, to EHA RAD I, L.P. Permanent financing was provided by the Authority under a loan commitment of \$3,250,000. The loan is secured by a 6th mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing February 1, 2018. At December 31, 2019 an allowance has been provided for accrued interest totaling \$373,750. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note E - Notes Receivable (Continued)

EHA RAD II, L.P. - Note Receivable - On May 1, 2016, the Authority sold public housing property consisting of 129 units, to EHA RAD II, L.P. Permanent financing was provided by the Authority under a loan commitment of \$3,400,000. The loan is secured by a 3rd mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing July 1, 2017. At December 31, 2019 an allowance has been provided for accrued interest totaling \$510,000. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD IV, L.P. - Note Receivable - On December 22, 2017, the Authority sold public housing properties consisting of 194 units, to EHA RAD IV, L.P. Permanent financing was provided by the Authority under a loan commitment of \$6,890,000. The loan is secured by a 1st mortgage and a security agreement against the property. Interest accrues at an annual rate of 6% commencing February 1, 2019. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2059. Accrued interest at December 31, 2019 totaled \$413,400 and is fully reserved.

EHA RAD IV, L.P. - Construction Note Receivable - On December 22, 2017, the Authority sold public housing properties consisting of 194 units, to EHA RAD IV, L.P. A loan in the amount of \$2,000,000 was provided by the Authority to EHA RAD IV, L.P. for the construction and development of the property. Interest accrues at an annual rate of 6%. The loan matures ten days after the payment of the limited partner's fourth equity installment. During the fiscal year ended December 31, 2019, principal payments totaling \$235,274 were received by the Authority. The balance of the loan at December 31, 2019 was \$1,764,274. Accrued interest at December 31, 2019 totaled \$112,928.

Memorial Community Development Corporation - Note Receivable - On August 18, 2015, the Authority issued an \$85,000 note receivable to the Memorial Community Development Corporation ("MCDC"). The note is between Advantix and MCDC for \$85,000 interest free, to be repaid over a 10-year time period until maturity on August 1, 2025. The loan is to be repaid in the form of student sponsorships through the Youth Build Program. For each \$531.25 student sponsorship, Advantix will forgive \$531.25 of the note and credit the note for an additional \$531.25 cash payment, as required by the promissory note. As of December 31, 2019, the balance of the note receivable was \$51,000. No portion of the note is classified as current at December 31, 2019, because payments due during 2019 were paid during the year ended December 31, 2018.

Trailside Townhomes, L.P. - On February 26, 2019, the Authority issued a note receivable to Trailside Townhomes, L.P. in the amount of \$25,000. The note is between Advantix and Trailside Townhomes, L.P. Interest is to accrue at 6% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2049. Accrued interest on the note is \$1,500 at December 31, 2019 and is fully reserved.

Evansville Townhomes L.P. - On December 31, 2019, the Authority issued a \$1,000,000 note receivable to Evansville Townhomes L.P. The note is between Advantix and Evansville Townhomes, L.P. Interest is to accrue at 7% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2049.

Note F - Compensated Absences

Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave is not vested and is not paid to an employee upon separation. Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. Sick leave is recorded as an expense as the employee utilizes it. A liability has been recorded for compensated absences totaling \$87,292 at December 31, 2019, of which \$58,734 is considered current.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt and Other Long-term Obligations

Primary Government

On November 23, 2011, the Authority entered into a financing agreement to purchase energy efficient equipment for \$1,079,391. This equipment was sold to EHA RAD IV, L.P. during the year ending December 31, 2017, but the note payable remains on the Authority's books. Effective July 15, 2012, the Authority began making monthly payments of \$7,533, which include principal and interest. The loan bears interest at 4.70% annually and matures on November 15, 2026. As of December 31, 2019, the balance of the loan was \$656,393, of which \$87,050 is considered current.

Debt service requirements of the Primary Government as of December 31, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>
Payable in		
2020	\$ 87,050	\$ 29,469
2021	87,344	25,477
2022	91,539	21,282
2023	95,936	16,886
2024	100,543	12,279
2025 - 2026	<u>193,981</u>	<u>9,840</u>
 Total requirements	 <u>\$ 656,393</u>	 <u>\$ 115,233</u>

A summary of changes in long-term debt and other long-term obligations of the primary government for the year ended December 31, 2019 is presented below:

	<u>Balance at December 31, 2018</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Balance at December 31, 2019</u>	<u>Due within one year</u>
Other liabilities - noncurrent	\$ 143,592	\$ 20,422	\$ -	\$ 164,014	\$ -
Accrued compensated absences	82,847	4,445	-	87,292	58,734
Loan payable to bank	<u>733,416</u>	<u>-</u>	<u>(77,023)</u>	<u>656,393</u>	<u>87,050</u>
 Total long-term obligations	 <u>\$ 959,855</u>	 <u>\$ 24,867</u>	 <u>\$ (77,023)</u>	 <u>\$ 907,699</u>	 <u>\$ 145,784</u>

Due to the nature of net pension liability, which cannot be classified into amounts due within one year and thereafter, the related balance is excluded from the above maturity table.

Discretely Presented Component Units

Vision LP

In October 2011, Vision LP obtained a loan from the Indiana Housing and Community Development Authority (IHCDA), in the amount of \$500,000. The loan originally bore interest at 3% and required annual payments of \$25,510 beginning on September 1, 2014. However, the loan converted and was amended on December 18, 2014, prior to any required principal payments. Interest accrues at 4.167% per annum with an annual principal and interest payment of the lesser of \$29,504 or 100% of net cash flow, as defined. The loan matures on January 1, 2030. The loan is secured by a mortgage on certain real estate. At December 31, 2019, the note had an outstanding balance of \$500,000.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

EHA RAD I, LP

On May 1, 2016, RAD I obtained a loan from P/R Mortgage & Investment, Corp in the amount of \$5,022,700. The loan bears an annual interest rate of 3.65%. The loan requires monthly interest only through December 1, 2017. Monthly payments of \$19,912 began September 1, 2018. The note matures on December 1, 2057. The loan is secured by a mortgage, security agreement, and assignment of rents and is insured by HUD under Section 221(d)4 of the National Housing Act. The note is subject to a prepayment penalty of 10% in 2017, decreasing by 1% each year thereafter. As of December 31, 2019, the note had an outstanding balance of \$4,907,493.

On May 1, 2016, RAD I obtained two loans from Indiana Housing and Community Development Authority in the amount of \$500,000 each for a total of \$1,000,000. The notes bear an annual interest rate of 3% and a maturity date of November 30, 2058. Annual payments for each loan in the amount of \$21,631 are to be made subject to surplus cash as defined by HUD. The loans stipulate payments are to be no greater than 75% of available surplus cash as defined by the regulatory agreement. The loans are secured by a mortgage, security agreement, and assignment of rents. No surplus cash was available for payments in 2019. As of December 31, 2019, the notes had an outstanding balance of \$1,000,000.

On May 1, 2016, RAD I obtained a loan from The Housing Authority of the City of Evansville in the amount of \$800,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. Payments are to be made annually commencing February 1, 2018 from surplus cash as defined by the regulatory agreement, but in no event greater than 75% of the total amount of surplus cash. No surplus cash was available for payments in 2019. The loan is secured by a mortgage, security agreement, and assignment of rents. As of December 31, 2019, \$800,000 remains outstanding.

On May 1, 2016, RAD I obtained a loan from The Housing Authority of the City of Evansville in the amount of \$6,690,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. Payments are to be made annually commencing February 1, 2018 from surplus cash as defined by the regulatory agreement, but in no event greater than 75% of the total amount of surplus cash. The loan is secured by a security instrument. As of December 31, 2019, \$6,690,000 remains outstanding. No surplus cash was available for payments in 2019.

On May 1, 2016, RAD I obtained a loan from The Housing Authority of the City of Evansville in the amount of \$3,250,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. Payments are to be made annually commencing February 1, 2018 from surplus cash as defined by the regulatory agreement, but in no event greater than 75% of the total amount of surplus cash. No cash was available for payments in 2019. The loan is secured by a mortgage, security agreement, and assignment of rents. As of December 31, 2019, \$3,250,000 remains outstanding.

EHA RAD II, LP

On May 1, 2016, RAD II obtained a loan from HUD through P/R Mortgage & Investment, Corp in the amount of \$2,319,400. The loan bears an annual interest rate of 3.65%. The loan requires monthly interest only payments through August 1, 2017. Monthly principal and interest payments of \$9,195 begin September 1, 2017. The note matures on August 1, 2057. The loan is secured by a mortgage, security agreement, and assignment of rents and is insured by HUD under Section 221(d)4 of the National Housing Act. The note is subject to a prepayment penalty of 10% in 2017, decreasing by 1% each year thereafter. As of December 31, 2019, \$2,256,949 is outstanding.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

EHA RAD II, LP (Continued)

On May 31, 2016, RAD II obtained a loan from Indiana Housing and Community Development Authority in the amount of \$500,000. The note bears an annual interest rate of 3% and a maturity date of November 30, 2058. The loan stipulates payments are to be made only from 75% of available surplus cash as defined by the regulatory agreement. The loan is secured by a mortgage, security agreement, and assignment of rents. No payments are due until maturity. As of December 31, 2019, \$500,000 remains outstanding. No surplus cash was available for payment in 2019.

In May 2016, RAD II obtained a loan from The Housing Authority of the City of Evansville in the amount of \$3,400,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. The loan stipulates payments are to be made only from 75% of available surplus cash as defined by the regulatory agreement. No payments are due until maturity. The loan is secured by a security instrument. As of December 31, 2019, \$3,400,000 remains outstanding.

EHA RAD IV, LP

On December 22, 2017, RAD IV obtained a surplus cash loan from The Housing Authority of the City of Evansville in the amount of \$6,890,000. The note bears interest at an annual interest rate of 6%. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2059. The loan stipulates payments are to be made only from 75% of available surplus cash as defined by the regulatory agreement. The loan is secured by a mortgage and a security agreement against the property. As of December 31, 2019, \$6,890,000 remains outstanding.

On December 22, 2017, RAD IV obtained a loan from The Housing Authority of the City of Evansville in the amount of \$2,000,000 for the construction and development of the property. Interest accrues at an annual rate of 6%. The entire principal balance, as well as accrued and unpaid interest, is due and payable at maturity, which is ten days after the payment of the limited partner's fourth equity installment. The loan is secured by a security agreement. As of December 31, 2019, \$1,764,274 remains outstanding.

On December 1, 2017, RAD IV obtained a loan through Merchants Capital (Formerly P/R Mortgage & Investment Corp) in the amount of \$4,100,000. The loan bears an annual interest rate of 3.77%. The loan requires monthly interest only payments through May 1, 2019. Monthly principal and interest payments of \$17,135 began June 1, 2019. The note matures on June 1, 2059. The loan is secured by a mortgage, security agreement and assignment of rents and is insured by HUD under Section 221(d)4 of the National Housing Act. The note is subject to a prepayment penalty of 10% in 2019, decreasing by 1% each year thereafter. The outstanding balance on the loan at December 31, 2019 is \$4,077,788.

On December 1, 2017, RAD IV obtained a loan from the City of Evansville, Indiana in the amount of \$1,500,000 from the proceeds of Series B bonds. The note matured on July 1, 2019 and was repaid.

On December 22, 2017, RAD IV obtained a Development Fund loan from IHCDA in the amount of \$727,476. The note bears an annual interest rate of 3% and a maturity date of December 31, 2058. The loan is to convert to a permanent loan no later than December 31, 2019. Commencing on the first day of the twelfth month following conversion, annual payments for the loan in the amount of \$21,631 are to be made subject to surplus cash as defined by HUD. The loan stipulates payments are to be no greater than 75% of available surplus cash as defined by the regulatory agreement. The loan is secured by a mortgage and security agreement. The outstanding balance on the loan at December 31, 2019 is \$727,476.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

CSSL

On December 28, 2017, CSSL obtained a construction loan in the amount of \$6,250,000 from Merchants Bank of Indiana with a floating interest rate of 30-day LIBOR plus 265 basis points which was 4.41% as of December 31, 2019. Payments of interest are due monthly, with the entire principal balance due June 1, 2020. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents. The outstanding balance on the loan at December 31, 2019 is \$2,570,849.

On December 28, 2017, CSSL obtained a HOME loan from IHCDA in the amount of \$400,000 that bears interest at 3% per annum. The loan is secured by a mortgage. The outstanding balance on the loan at December 31, 2019 is \$400,000.

On December 28, 2017, CSSL obtained a Development Fund loan from IHCDA in the amount of \$500,000 that bears interest at 3% per annum with annual payments to be made from available cash flow. The loan is secured by a mortgage and assignments of rents and leases. The outstanding balance on the loan at December 31, 2019 is \$500,000.

Evansville Townhomes

On December 30, 2019, Evansville Townhomes obtained a promissory note from Advantix Development Corporation in the amount of \$1,000,000. Interest is to accrue 7% per annum. Payments of principal and interest are to be made based on available cash flow. The note matures December 31, 2049. The outstanding balance on the loan at December 31, 2019 is \$1,000,000.

On December 30, 2019, Evansville Townhomes obtained a loan in the amount of \$6,300,000 from Merchants Bank of Indiana for construction. Interest is to accrue at the 30-day LIBOR plus 2.50% per annum. Payments of interest are due monthly, with the entire principal balance due January 1, 2023. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. No funds were drawn on the loan as of December 31, 2019.

On December 30, 2019, IHCDA made a loan of \$500,000 of Affordable Housing and Community Development Fund monies available through a convertible promissory note. Interest is to accrue at 3% per annum until conversion, at which time accrued interest is due and payable. The note matures December 31, 2021 at which the note may be converted to a 15-year term loan. Any accrued interest is due at the time of conversion. Commencing on the twelfth month following conversion, annual payments of principal and interest of the \$25,510 are required. The note is secured by a mortgage on certain real estate and an assignment of notes receivable. No funds were drawn on the loan as of December 31, 2019.

Trailside Townhomes

On February 26, 2019, Trailside Townhomes obtained a construction loan in the amount of \$5,100,000 from Merchants Bank of Indiana that bears interest at 30-day LIBOR plus 2.50% per annum. Payments are due monthly, with the entire principal balance due August 1, 2021 at which time the loan may be converted to a permanent mortgage of up to \$900,000 with interest at the rate of 6.25%. The permanent loan will mature 180 months from date of conversion. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The outstanding balance on the loan at December 31, 2019 is \$4,313,279.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt and Other Long-term Obligations (Continued)

On February 26, 2019, Trailside Townhomes obtained a HOME loan from IHEDA in the amount of \$400,000 that bears interest at 3% per annum. The note matures February 2, 2021 at which time the note may be converted to a 30-year term loan. Any accrued interest is due at the time of conversion. The loan is secured by a mortgage on certain real estate and an assignment of rents and leases. The outstanding balance of the loan as of December 31, 2019 is \$395,000.

On February 26, 2019, Trailside Townhomes obtained a promissory note from Advantix Development Corporation in the amount of \$25,000 that bears interest at 6% per annum. Payments of principal and interest are to be made based on the financial performance of the Partnership. The outstanding balance on the loan at December 31, 2019 is \$25,000.

Debt service requirements of the discretely presented component units as of December 31, 2019 are estimated as follows based on annual net cash flow:

	<u>Principal</u>
Payable in	
2020	\$ 5,373,700
2021	4,853,806
2022	152,552
2023	158,284
2024	164,232
Thereafter	<u>35,260,159</u>
Total requirements	<u>\$ 45,962,733</u>

A summary of changes in long-term debt and other long-term obligations of the discretely presented component units for the year ended December 31, 2019 is presented below:

	<u>Balance at December 31, 2018</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Balance at December 31, 2019</u>	<u>Due within one year</u>
Other liabilities - noncurrent	\$ 6,464,335	\$ 181,897	\$ (1,097,701)	\$ 5,548,531	\$ -
Long-term debt	<u>43,223,696</u>	<u>7,029,327</u>	<u>(4,290,290)</u>	<u>45,962,733</u>	<u>5,373,700</u>
Total long-term obligations	<u>\$ 49,688,031</u>	<u>\$ 7,211,224</u>	<u>\$ (5,387,991)</u>	<u>\$ 51,511,264</u>	<u>\$ 5,373,700</u>

Other liabilities are related to developer fees payable and are payable as specified in related developer agreements.

Note H - Retirement Plan

Plan Description

The Authority contributed to the Public Employees' Defined Benefit Account ("PERF DB") which is administered by the Indiana Public Retirement System ("INPRS") as a cost-sharing, multiple-employer defined benefit plan. The account provides retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions that elect to participate in the retirement fund.

New employees hired by EHA participate in the My Choice: Retirement Savings Plan for Public Employees (My Choice) which is a defined contribution plan. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note H - Retirement Plan (Continued)

Contribution Account, the defined contribution component. The PERF Hybrid option is grandfathered to employees hired before July 1, 2016.

Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit funds) were recategorized as defined contribution funds based on Internal Revenue Service Private Letter Rulings PLR-193-2016 and PLR-110249-18.

Retirement Benefits - Defined Benefit Pension

Pension benefits vest after 10 years of creditable service. A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A member may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 120 months that the benefit commencement date precedes the normal retirement date. The minimum monthly benefit is \$180 if the member has at least 10 years of creditable service.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments ("COLA"). Such increases are not guaranteed by statute and will only be provided by legislative action. A "13th check" was paid to each member in pay status during fiscal year 2018. The amount of the 13th check varied based on the years of creditable service the member had earned prior to retirement. Legislation passed in the 2018 legislative session creates a funding mechanism to provide for future benefit increases of 13th checks. The INPRS Board has the authority to have employers contribute up to 1% of member pay into the fund. Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and qualified for Social Security disability benefits or federal Civil Service disability benefits may retire. The disability benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service the spouse or dependent beneficiary is entitled to receive the monthly life benefit under the assumption that the member retired on the later of age 50 or the date before the date of death and elected the joint and full survivor option. The minimum monthly benefit is \$180 if the member has at least 10 years of creditable service.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note H - Retirement Plan (Continued)

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2019
Actuarial cost method	Entry Age Normal, (level percent of payroll)
Liability valuation date and method:	June 30, 2018 - The TPL as of June 30, 2019 was determined based on an actuarial valuation prepared as of June 30, 2018 rolled forward one year to June 30, 2019, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.
COLA:	As of June 30, 2019: In lieu of a COLA on January 1, 2019 members in pay were provided a 13 th check on October 1, 2018. It is assumed a 13 th check would continue for the 2020 and 2021 fiscal years.
Future salary increases, including inflation:	2.50% - 4.25% based on age
Inflation:	2.25%
Discount rate:	6.75%, net of investment expenses. There was no change in the discount rate from the prior measurement date.
Mortality assumption	RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement project generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report, for healthy members. The 2014(with MP-215 Disability Mortality Table, with future mortality improvement project generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report is used for disabled members.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note H - Retirement Plan (Continued)

Significant Actuarial Assumptions (Continued)

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

	<u>Target allocation</u>	<u>Geometric basis long-term expected real rate of return</u>
Public equity	22.0%	4.9%
Private markets	14.0%	7.0%
Fixed income - ex inflation-linked	20.0%	2.5%
Fixed income - inflation-linked	7.0%	1.3%
Commodities	8.0%	2.0%
Real estate	7.0%	6.7%
Absolute return	10.0%	2.9%
Risk parity	12.0%	5.3%

Total pension liability for the Plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, the Plan's fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.75 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease	Current discount rate	1% Increase
\$ 1,070,619	\$ 666,631	\$ 329,675

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note H - Retirement Plan (Continued)

Investment Valuation and Benefit Payment Policies

The pooled and non-pooled investments are reported at fair value by INPRS.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or automatically distributed by the fund when certain criteria are met.

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year 2019, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State.

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

At December 31, 2019, the Authority reported a liability of \$666,631 for its proportionate share of the net pension liability. The Authority's proportionate share of the net pension liability was based on the Authority's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2019 measurement date was 0.0002017.

For the year ended December 31, 2019, the Authority recognized pension income of \$65,606, which is net of income from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$171,113. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 17,652	\$ -
Net differences between project and actual earnings on pension plan investments	-	31,510
Changes of assumptions	148	72,468
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>-</u>	<u>99,786</u>
Total that will be recognized in pension expense (income) based on table below	17,800	203,764
Pension contribution subsequent to measurement date	<u>50,632</u>	<u>-</u>
Total	<u>\$ 68,432</u>	<u>\$ 203,764</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note H - Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2020	\$ (75,829)
2021	(84,225)
2022	(23,463)
2023	<u>(2,447)</u>
	<u>\$ (185,964)</u>

Public Employees Defined Contribution Account ("PERF DC")

PERF DC is a multiple-employer defined contribution fund that provides supplemental retirement benefits to PERF DB members and serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice) members.

PERF DC consists of two tiers:

- The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The PERF DB is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at 3% of compensation, and the employer may choose to make contributions on behalf of the member. Members are 100% vested in their account balance, which includes all contributions and earnings.
- My Choice: Retirement Savings Plan for Public Employees (My Choice) is for members who are full-time employees of the State of Indiana or a participating political subdivision that elected to become members of My Choice. Member contributions are set by statute at 3% of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account. Members are 100% vested in all member contributions and are vested in employer contributions based on years of service.

Retirement, Disability and Survivor Benefits

Members may withdraw their account balance upon retirement, termination, disability, or death.

Retirement & Termination Benefit - After a 30-day separation from employment, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity.

Disability Benefit - Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity.

Survivor Benefit - The beneficiary is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note H - Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

DC Investment Options

Investments are self-directed, members may make changes daily, and investments are reported at fair value. Market risk is assumed by the member, and the member may choose among eight investment options with varying degrees of risk and return potential.

Note I - Concentrations

The Authority is substantially funded by federal awards. The Authority received 59% of its total operating revenue from a single Federal Agency during the year ended December 31, 2019.

Note J - Risk Management and Contingencies

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims have not exceeded coverage levels for the past three years, and insurance coverage levels, and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

The Authority is party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

Discretely Presented Component Units

Operating Deficit Guaranty

Vision LP

Pursuant to Vision LP's operating deficit guaranty, upon reduction of the operating reserve to zero, the general partner, special limited partner B and the specified guarantors, are obligated to provide funds to Vision LP to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins with the stabilization of operations and ends on the fifth anniversary of the stabilization date provided, however, that a minimum debt service coverage of 1.20 to 1.00 to be achieved for the 12-month period immediately preceding the expiration of the guaranty period and the operating reserve is fully funded. Advances are to be treated as non-interest-bearing loans to Vision LP. No funds have been advanced as of December 31, 2019.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note J - Risk Management and Contingencies (Continued)

Discretely Presented Component Units (Continued)

EHA RAD I, LP

Operating deficits for the period prior to the expiration of five years from the date RAD I achieves rental achievement, which was met on November 29, 2018, are to be paid from the operating deficit reserve account. The general partner is to advance funds to RAD I if the operating deficit reserve account is not sufficient to cover the deficits. Such advances are not to exceed \$1,010,000 and are to be treated as unsecured loans bearing interest at an annual rate equal to the prime rate. No funds have been advanced as of December 31, 2019.

EHA RAD II, LP

Operating deficits for the period prior to the expiration of five years from the date RAD II achieves rental achievement, which was June 28, 2018, are to be paid from the operating deficit reserve account. The general partner is to advance funds to RAD II if the operating deficit reserve account is not sufficient to cover the deficits. Such advances are not to exceed \$365,000 and are to be treated as unsecured loans bearing interest at an annual rate equal to the prime rate. No funds have been advanced as of December 31, 2019.

EHA RAD IV, LP

The general partner is obligated to fund operating deficits incurred by RAD IV during the operating deficit guaranty period, which is the period expiring five years from the date RAD IV achieves rental achievement, which has yet to be met as of December 31, 2019. Such advances are not to exceed \$571,438. No funds have been advanced as of December 31, 2019. The general partner will also be required to maintain an operating deficit reserve equal to the greater of \$571,438 or an amount equal to 6 months of operating reserves, required debt service payments and required reserve payments. The operating deficit reserve was not required to be funded as of December 31, 2019.

CSSL, L.P.

The general partner is obligated to fund operating deficits incurred by CSSL during the operating deficit guaranty period, which is the period expiring five years from the date CSSL achieves rental achievement, which has yet to be met as of December 31, 2019. Such advances are not to exceed \$124,087. No funds have been advanced as of December 31, 2019. If the partnership has insufficient funds, the general partner will also be required to fund the operating reserve in the amount of \$80,000. The operating deficit reserve was not required to be funded as of December 31, 2019.

Evansville Townhomes

The general partner is obligated to provide funds incurred by Evansville Townhomes during the operating deficit guaranty period. The operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving a debt service coverage ratio of at least 1.15 to 1 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$241,289 and are to be treated as non-interest bearing loans. The operating deficit reserve was not required to be funded as of December 31, 2019.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note J - Risk Management and Contingencies (Continued)

Discretely Presented Component Units (Continued)

Trailside Townhomes

The general partner is obligated to provide funds incurred by Trailside Townhomes during the operating deficit guaranty period. The operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving a debt service coverage ratio of at least 1.15 to 1 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$223,172 and are to be treated as non-interest bearing loans. No funds have been advanced as of December 31, 2019. If the partnership has insufficient funds, the general partner will also be required to fund the operating reserve in the amount of \$70,000. The operating deficit reserve was not required to be funded as of December 31, 2019.

Trailside Commons

The general partner is obligated to provide funds incurred by Trailside Commons during the operating deficit guaranty period. The operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving a debt service coverage ratio of at least 1.15 to 1 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$200,277 and are to be treated as non-interest bearing loans. The operating deficit reserve was not required to be funded as of December 31, 2019.

Note K - Related Party Information

Discretely Presented Component Units

Vision LP

City Real Estate Advisors, Inc. (CREA) is entitled to receive an annual asset management fee in the amount of \$4,000. The fee is payable out of an escrow deposit fund in the original amount of \$60,000 held by CREA. The balance in the escrow fund totaled \$27,000 at December 31, 2019. Asset management fees of \$4,000 were paid during 2019.

The general partner is entitled to receive an annual incentive partnership management fee of 85% of remaining cash flow, not to exceed 12% of the gross revenues of the Partnership on a noncumulative basis. No fee was earned in 2019.

Flaherty & Collins Inc. serves as the property manager. The property management fee is calculated as 7% of all income collected from any source exclusive of security deposits not chargeable as rent. Fees totaling \$21,614 were earned for the year ended December 31, 2019. Total management fees payable at December 31, 2019 were \$3,313.

The Authority, its blended component unit Advantix Development, Inc., and Flaherty & Collins Development, LLC served as co-developers for the project. As compensation for their services, the developers are to receive \$1,200,000, which is to be paid at various times, as specified in the development agreement. If any developer fee remains outstanding as of December 31, 2027, the general partner is to make a capital contribution in the amount of the unpaid fee in order for Vision LP to pay the entire unpaid amount. As of December 31, 2019, \$542,795 remains unpaid.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note K - Related Party Information (Continued)

Discretely Presented Component Units (Continued)

EHA RAD I, LP

The investor limited partner is entitled to an annual asset management fee of \$3,750, increasing 3% per year of available cash flow as defined. If there is no available cash flow, the fee accrues without interest. The fee earned for 2019 of \$3,978 is included in accounts payable at December 31, 2019. Total asset management fees included in accounts payable at December 31, 2019 is \$11,591.

Advantix Development Corporation served as developer for the project. As compensation for their services, the developer is to receive \$3,843,000, which is to be paid at various times, as specified in the development agreement. As of December 31, 2019, the full amount has been earned and a total of \$1,859,027 is outstanding.

Advantix Development Corporation advanced funds during 2019 to cover various operating expenses. The total amount of funds owed at December 31, 2019 is \$73,459.

EHA RAD II, LP

The investor limited partner is entitled to an annual asset management fee of \$3,750 once completion occurs, increasing 3% per year out of available cash flow as defined. If there is no available cash flow, the fee accrues without interest. The fee earned for 2019 is \$3,978, of which \$3,978 is included in accounts payable at December 31, 2019.

Advantix Development Corporation served as the developer for the project. As compensation for their services, the developer is to receive \$1,361,000, which is to be paid at various times, as specified in the development agreement. As of December 31, 2019, \$844,199 remains outstanding.

Advantix Development Corp advanced funds during 2019 to cover various operating expenses. The total amount of funds owed at December 31, 2019 is \$26,210 and is included in related parties at December 31, 2019.

EHA RAD IV, LP

Advantix Development Corporation. served as the developer for the project. As compensation for its services, the developer is to receive \$1,876,500, which is to be paid at various times, as specified in the development agreement. As of December 31, 2019, \$1,466,420 remains unpaid.

The investor limited partner is entitled to an annual asset management fee of \$7,500, increasing 3% a year payable out of available cash flow as defined. A fee of \$7,500 was earned for the period end December 31, 2019 and is included in accounts payable - related parties at year end.

CSSL

Advantix Development Corporation, and Myszak & Palmer Development, LLC served as co-developers for the project. As compensation for their services, the developers are to receive \$710,000, which is to be paid at various times, as specified in the development agreement. If any developer fee remains outstanding as of the rental achievement date, the general partner is to make a capital contribution in the amount of the unpaid fee in order for CSSL to pay the entire unpaid amount. As of December 31, 2019, \$654,193 remains unpaid.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note K - Related Party Information (Continued)

Discretely Presented Component Units (Continued)

CSSL (Continued)

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year commencing in 2018. Fees of \$10,000, which includes the 2019 fee and the 2018 fee invoiced in 2019, were expenses in 2019. The total amount of unpaid fees in accounts payable at December 31, 2019 is \$3,750.

Advantix Development Corp advanced funds during 2019 to cover various operating expenses. The total amount of funds owed at December 31, 2019 is \$24,521 and is included in accounts payable.

Evansville Townhomes, LP

Advantix Development Corporation served as developer for the project. As compensation for its services, the developer is to receive \$1,090,000 which is to be paid at various times as specified in the development agreement. A portion of the developer fee of \$281,465 is to be deferred. At December 31, 2019, \$272,500 has been earned, of which, \$29,939 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year.

The general partner is entitled to receive a one-time lease-up fee based on actual receipts and expenditures during the lease-up period through the date of rental achievement. The fee is projected to be \$47,330. No payment of the fee is to be made until rental achievement has occurred.

Trailside Townhomes LP

Advantix Development Corporation served as developer for the project. As compensation for its services, the developer is to receive \$662,500 which is to be paid at various times as specified in the development agreement. A portion of the developer fee of \$64,861 is to be deferred. At December 31, 2019, \$331,250 has been earned, of which, \$151,958 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year.

The general partner is entitled to receive a one-time lease-up fee based on actual receipts and expenditures during the lease-up period through the date of rental achievement. The fee is projected to be \$24,649. No payment of the fee is to be made until rental achievement has occurred.

The general partner advanced \$100 at closing. The amount of unpaid advances in accounts payable as of December 31, 2019 is \$100.

Trailside Commons LP

Advantix Development Corporation served as developer for the project. As compensation for its services, the developer is to receive \$557,500 which is to be paid at various times as specified in the development agreement. A portion of the developer fee of \$30,364 is to be deferred. At December 31, 2019, \$158,141 has been earned and paid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note L - Condensed Financial Statements - Blended Component Units

Statement of Net Position
December 31, 2019

	Primary government	Blended component units			Total
	Housing Authority of the City of Evansville	Advantix Development Corporation	Lincoln Estates Redevelopment, Inc.	Eliminations	
Assets					
Current assets	\$ 3,489,814	\$ 7,124,563	\$ -	\$ -	\$ 10,614,377
Capital assets, net	962,535	5,249,144	-	-	6,211,679
Noncurrent assets	21,030,000	1,378,743	-	-	22,408,743
Total assets	25,482,349	13,752,450	-	-	39,234,799
Deferred outflows of resources	68,432	-	-	-	68,432
Total assets and deferred outflows of resources	25,550,781	13,752,450	-	-	39,303,231
Liabilities					
Current liabilities	311,596	1,069,081	-	-	1,380,677
Noncurrent liabilities	1,426,766	1,780	-	-	1,428,546
Total liabilities	1,738,362	1,070,861	-	-	2,809,223
Deferred inflows of resources	203,764	-	-	-	203,764
Total liabilities and deferred inflows of resources	1,942,126	1,070,861	-	-	3,012,987
Net position					
Net investment in capital assets	962,535	5,249,144	-	-	6,211,679
Restricted net position	47,076	-	-	-	47,076
Unrestricted net position	22,599,044	7,432,445	-	-	30,031,489
Total net position	\$ 23,608,655	\$ 12,681,589	\$ -	\$ -	\$ 36,290,244

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note L - Condensed Financial Statements - Blended Component Units (Continued)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

	Primary	Blended component units			Total
	government Housing Authority of the City of Evansville	Advantix Development Corporation	Lincoln Estates Redevelopment, Inc.	Eliminations	
Operating revenues					
Tenant revenue	\$ 88,073	\$ 735,381	\$ -	\$ -	\$ 823,454
HUD PHA operating grants	14,028,422	-	-	-	14,028,422
Other government grants	581,878	-	-	-	581,878
Fraud recovery income	23,791	-	-	-	23,791
Other revenue	546,929	8,399,299	-	(535,096)	8,411,132
Total operating revenues	15,269,093	9,134,680	-	(535,096)	23,868,677
Operating expenses					
Administration	1,526,218	1,194,337	-	(535,096)	2,185,459
Tenant services	113,125	-	-	-	113,125
Utilities	-	136,248	-	-	136,248
Ordinary maintenance and operations	88,448	434,904	-	-	523,352
Protective Services	-	-	-	-	-
Insurance	42,046	136,999	-	-	179,045
Other general expenses	277,211	7,092,108	(14,233)	-	7,355,086
Housing assistance payments	12,605,376	-	-	-	12,605,376
Depreciation expense	5,475	520,488	-	-	525,963
Total operating expenses	14,657,899	9,515,084	(14,233)	(535,096)	23,623,654
Total operating income (expense)	611,194	(380,404)	14,233	-	245,023
Nonoperating income (expense)					
Investment income - unrestricted	115,275	53,835	-	-	169,110
Interest expense and amortization cost	(32,805)	-	-	-	(32,805)
Net gain on disposal of capital assets	156	862,749	-	-	862,905
Total nonoperating income	82,626	916,584	-	-	999,210
Change in net position before capital grants and other special items	693,820	536,180	14,233	-	1,244,233
Capital grants - hard costs	-	-	-	-	-
Other special items	-	-	-	-	-
Transfers to/from component unit	(158,000)	158,000	-	-	-
Changes in net position	535,820	694,180	14,233	-	1,244,233
Net position (deficit), beginning of year	23,072,835	11,987,409	(14,233)	-	35,046,011
Net position (deficit), end of year	\$ 23,608,655	\$ 12,681,589	\$ -	\$ -	\$ 36,290,244

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note L - Condensed Financial Statements - Blended Component Units (Continued)

Statement of Cash Flows
Year Ended December 31, 2019

	Primary government	Blended component units			Total
	Housing Authority of the City of Evansville	Advantix Development Corporation	Lincoln Estates Redevelopment, Inc.	Eliminations	
Net cash provided (used) by operating activities	\$ 2,032,410	\$ (3,243,493)	\$ -	\$ -	\$ (1,211,083)
Net cash provided (used) by capital and related financing activities	(1,838,466)	632,622	-	-	(1,205,844)
Net cash provided (used) by investing activities	265,709	52,062	-	-	317,771
Net increase (decrease) in cash and cash equivalents	459,653	(2,558,809)	-	-	(2,099,156)
Cash and cash equivalents, beginning of year	499,504	5,043,895	-	-	5,543,399
Cash and cash equivalents, end of year	\$ 959,157	\$ 2,485,086	\$ -	\$ -	\$ 3,444,243

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note M - Condensed Financial Statements - Discretely Presented Component Units

Statement of Net Position
December 31, 2019

	Discretely presented component units								
	Vision 1505, L.P.	EHA RAD I, L.P.	EHA RAD II, L.P.	EHA RAD IV	CSSL L.P.	Trailside Townhomes	Evansville Townhomes	Trailside Commons	Total
Assets									
Current assets	\$ 472,703	\$ 1,917,954	\$ 609,561	\$ 754,529	\$ 152,574	\$ 1,000	\$ 155,587	\$ 581,235	\$ 4,645,143
Capital assets, net	5,813,586	26,633,850	9,206,235	16,762,493	10,006,010	6,761,701	2,929,362	666,615	78,779,852
Noncurrent assets	55,927	-	-	-	786	53,363	68,300	52,350	230,726
Total assets	6,342,216	28,551,804	9,815,796	17,517,022	10,159,370	6,816,064	3,153,249	1,300,200	83,655,721
Deferred outflows of resources									
Total assets and deferred outflows of resources	6,342,216	28,551,804	9,815,796	17,517,022	10,159,370	6,816,064	3,153,249	1,300,200	83,655,721
Liabilities									
Current liabilities	41,219	499,596	707,102	1,923,593	3,520,841	567,927	241,917	-	7,502,195
Noncurrent liabilities	1,185,335	19,725,895	6,972,714	13,670,238	693,801	4,883,737	1,029,189	-	48,160,909
Total liabilities	1,226,554	20,225,491	7,679,816	15,593,831	4,214,642	5,451,664	1,271,106	-	55,663,104
Deferred inflows of resources									
Total liabilities and deferred inflows of resources	1,226,554	20,225,491	7,679,816	15,593,831	4,214,642	5,451,664	1,271,106	-	55,663,104
Net position									
Net investment in capital assets	5,313,586	9,986,357	3,049,286	3,302,955	6,538,286	2,029,922	1,930,112	666,615	32,817,119
Restricted net position	-	-	-	-	-	-	-	-	-
Unrestricted net position (deficit)	(197,924)	(1,660,044)	(913,306)	(1,379,764)	(593,558)	(665,522)	(47,969)	633,585	(4,824,502)
Total net position	\$ 5,115,662	\$ 8,326,313	\$ 2,135,980	\$ 1,923,191	\$ 5,944,728	\$ 1,364,400	\$ 1,882,143	\$ 1,300,200	\$ 27,992,617

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note M - Condensed Financial Statements - Discretely Presented Component Units (Continued)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

	Discretely presented component units								
	Vision 1505, L.P.	EHA RAD I, L.P.	EHA RAD II, L.P.	EHA RAD IV	CSSL L.P.	Trailside Townhomes	Evansville Townhomes	Trailside Commons	Total
Operating revenues									
Tenant revenue	\$ 312,199	\$ 2,426,695	\$ 885,429	\$1,272,568	\$ 193,106	\$ -	\$ -	\$ -	\$ 5,089,997
Other revenue	-	72,347	-	-	4,986	-	-	-	77,333
Total operating revenues	312,199	2,499,042	885,429	1,272,568	198,092	-	-	-	5,167,330
Operating expenses									
Administration	100,184	659,241	203,739	211,931	87,841	-	-	-	1,262,936
Utilities	100,365	720,829	254,334	329,556	23,083	-	-	-	1,428,167
Ordinary maintenance and operations	104,233	764,367	244,506	249,480	28,571	-	-	-	1,391,157
Protective services	-	109,060	37,454	-	-	-	-	-	146,514
Insurance	7,218	123,887	73,828	121,640	-	-	-	-	326,573
Other general expenses	12,328	36,986	28,235	41,532	8,966	-	-	-	128,047
Depreciation expense	230,444	797,619	277,368	499,791	637,963	-	-	-	2,443,185
Total operating expenses	554,772	3,211,989	1,119,464	1,453,930	786,424	-	-	-	7,126,579
Net operating loss	(242,573)	(712,947)	(234,035)	(181,362)	(588,332)	-	-	-	(1,959,249)
Nonoperating income (expense)									
Investment income - unrestricted	1,144	5,527	1,710	68	-	-	-	-	8,449
Interest expense and amortization cost	(24,451)	(882,410)	(306,516)	(717,004)	(76,230)	-	-	-	(2,006,611)
Total nonoperating income (expense)	(23,307)	(876,883)	(304,806)	(716,936)	(76,230)	-	-	-	(1,998,162)
Changes in net position	(265,880)	(1,589,830)	(538,841)	(898,298)	(664,562)	-	-	-	(3,957,411)
Net position, beginning of year	5,381,542	9,212,981	2,557,873	1,009,505	2,700,039	-	-	-	20,861,940
Prior period adjustment	-	-	-	173,900	89,651	-	-	-	263,551
Capital contributions	-	703,162	116,948	1,638,084	3,819,600	1,364,400	1,882,143	1,300,200	10,824,537
Net position, end of year	\$ 5,115,662	\$ 8,326,313	\$ 2,135,980	\$1,923,191	\$5,944,728	\$1,364,400	\$1,882,143	\$1,300,200	\$27,992,617

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note N - Subsequent Events

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the financial statements were available to be issued, the Authority's operations have not been significantly impacted by the COVID-19 outbreak. However, it is likely the Authority's operations will be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

Advantix Development Corporation executed a line of credit in the amount of \$1,000,000 on March 6, 2020. Interest on any unpaid principal balance will be calculated using a rate equal to the Wall Street Journal Prime Index Rate per annum. There have been no borrowings on the line of credit.

On February 25, 2020, Advantix Development Corporation closed on River View Vincennes, LP, a tax credit partnership, and construction began on this project.

Note O - Recent Accounting Pronouncements

In May 2020, the GASB issued *Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. The provisions of this Statement are effective immediately. This Statement provides temporary relief to governments in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of LIBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

The implementation of this standard has been delayed one year by the provisions of GASB Statement No. 95.

In June 2018, the GASB issued *Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period*. The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The implementation of this standard has been delayed one year by the provisions of GASB Statement No. 95.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2019

Note O - Recent Accounting Pronouncements (Continued)

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The provisions of this statement are effective for fiscal years beginning after June 15, 2018.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The implementation of this standard has been delayed one year by the provisions of GASB Statement No. 95.

In June 2017, the GASB issued *Statement No. 87, Leases*. The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The implementation of this standard has been delayed by eighteen months by the provisions of GASB Statement No. 95.

Required Supplementary Information

The Housing Authority of the City of Evansville, Indiana
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employee's Retirement Fund
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net position liability	0.02017%	0.02152%	0.02375%	0.03484%	0.03905%	0.04691%
Authority's proportionate share of the net pension liability	\$ 666,631	\$ 731,044	\$ 1,059,617	\$ 1,581,195	\$ 1,590,468	\$ 1,232,760
Authority's covered-employee payroll	\$ 1,051,000	\$ 1,098,000	\$ 1,178,339	\$ 1,669,728	\$ 1,870,301	\$ 2,290,295
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of the total pension liability	80.1%	78.9%	76.6%	75.3%	77.3%	84.3%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The Housing Authority of the City of Evansville, Indiana
Schedule of the Authority's Contributions
Public Employee's Retirement Fund
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 107,945	\$ 121,223	\$ 131,573	\$ 185,291	\$ 191,630	\$ 198,731
Contributions in relation to the contractually required contribution	<u>107,945</u>	<u>121,223</u>	<u>131,573</u>	<u>185,291</u>	<u>191,630</u>	<u>198,731</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,051,000	\$ 1,098,000	\$ 1,178,339	\$ 1,669,728	\$ 1,870,301	\$ 2,290,295
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.1%	10.2%	8.7%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The Housing Authority of the City of Evansville, Indiana
Notes to the Required Supplementary Information
Year Ended December 31, 2019

Actuarial valuation date:	June 30, 2019
Actuarial cost method:	Entry age normal - level percent of payroll
Asset valuation method:	Five-year smoothed market
Inflation:	2.25% per year
Projected salary increases:	2.5% - 4.25%
Investment rate of return:	6.75% (net of administrative and investment expenses)

Amortization Method - For funding, gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 20-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 20-year period (gain or loss bases established prior to June 30, 2016 were amortized over 30 years and will continue to be amortized over 30 -year period). However, when the plan is at or above 100% funded (based on Actuarial Value of Assets), the past amortization bases are considered fully amortized and a single amortization base equal to the surplus is amortized over a 30-year period with level payments each year. Effective June 30, 2018 the bases are calculated without regards to the COLA provision. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities

Supplementary Information

**The Housing Authority of the City of Evansville, Indiana
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019**

<u>Federal grantor/pass through entity</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Total federal expenditures</u>	<u>Passed-through to subrecipients</u>
U.S. Department of Housing and Urban Development				
Direct Awards:				
Public and Indian Housing	14.850	-	\$ 1,920	\$ -
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	-	13,913,377	-
Family Self-Sufficiency Program	14.896	-	113,125	-
			<u>14,028,422</u>	<u>-</u>
Passed through the City of Evansville:				
HOME Investment Partnerships Program	14.239	M-17-MC-180201	175,000	-
Community Development Block Grants/States Program	14.228	B-18-MC-18-002	45,187	-
			<u>14,248,609</u>	<u>-</u>
U.S. Department of Labor				
Direct Awards:				
YouthBuild	17.274		361,691	-
			<u>361,691</u>	<u>-</u>
Total U.S. Department of Labor			<u>361,691</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 14,610,300</u>	<u>\$ -</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Indirect Cost Rate

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

Other Reports



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of the City of Evansville, Indiana (the "Authority") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 17, 2020.

Internal Control over Financial Reporting

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

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

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

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

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

Purpose of this Report

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

MCM CPAs & Advisors LLP

Lexington, Kentucky
August 17, 2020



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Evansville, Indiana's (the "Authority'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 December 31, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

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

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

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

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



Lexington, Kentucky
August 17, 2020

**The Housing Authority of the City of Evansville, Indiana
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2019**

Section I -Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting
 Material weakness(es) identified? __yes x no
 Significant deficiency(ies) identified not considered to
 be material weaknesses? __yes x none reported

Noncompliance material to financial statements noted? __yes x no

Federal Awards

Internal Control over major programs
 Material weakness(es) identified? __yes x no
 Significant deficiency(ies) identified not considered to
 be material weaknesses? __yes x none reported

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)? __yes x no

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14.871	Housing Voucher Cluster Section 8 Housing Choice Vouchers	\$ 13,913,377

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

Auditee qualified as low-risk auditee? X yes _ no

Section II -Findings -Financial Statement Audit

None.

Section III -Findings -Major Federal Award Programs Audit

None.

**The Housing Authority of the City of Evansville, Indiana
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019**

None.

Independent Accountant's Report on Applying Agreed-Upon Procedure

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of Evansville, Indiana (the "Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center ("REAC"), on whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure enumerated below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Document(s)" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We were engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the Authority as of and for the year ended December 31, 2018, and have issued our reports thereon dated August 17, 2020. The information in the "Hard Copy Document(s)" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule ("FDS") dated September 18, 2018, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the financial statement package required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.



Lexington, Kentucky
August 17, 2020

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
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**Attachment to Independent Accountant's Report
on Applying Agreed-Upon Procedure**

				DOES NOT AGREE
PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENT(S)	AGREES	AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	X	
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	X	
4	Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	Uniform Guidance Data Collection Form	X	
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form	X	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form	X	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	Uniform Guidance Data Collection Form	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Housing Authority of the City of Evansville (IN016)

Evansville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.228 Community Development Block Grants/State's Program	17.274 YouthBuild Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$0			\$238,849	\$875,118	\$2,091,394				\$460,015	\$116,762	\$3,782,138	(\$81,719)	\$3,700,419
112 Cash - Restricted - Modernization and Development						\$10,327							\$10,327		\$10,327
113 Cash - Other Restricted					\$211,397	\$3,317,103	\$390,000						\$3,918,500		\$3,918,500
114 Cash - Tenant Security Deposits						\$112,302	\$17,545						\$129,847		\$129,847
115 Cash - Restricted for Payment of Current Liabilities						\$0							\$0		\$0
100 Total Cash	\$0	\$0	\$0	\$0	\$450,246	\$4,314,850	\$2,498,939	\$0	\$0	\$0	\$460,015	\$116,762	\$7,840,812	(\$81,719)	\$7,759,093
121 Accounts Receivable - PHA Projects															
122 Accounts Receivable - HUD Other Projects		\$7,858			\$20,458	\$244							\$28,560		\$28,560
124 Accounts Receivable - Other Government			\$5,579	\$73,028	\$149								\$78,756		\$78,756
125 Accounts Receivable - Miscellaneous				\$4,439	\$3,814	\$0	\$2,740,391				\$112,979	\$133,955	\$2,995,578		\$2,995,578
126 Accounts Receivable - Tenants				\$0		\$29,866							\$29,866		\$29,866
126.1 Allowance for Doubtful Accounts - Tenants						\$0							\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0	\$0	\$0				\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						\$0	\$0						\$1,764,274		\$1,764,274
128 Fraud Recovery															
128.1 Allowance for Doubtful Accounts - Fraud															
129 Accrued Interest Receivable															
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$7,858	\$5,579	\$77,467	\$24,421	\$30,110	\$2,740,391	\$0	\$0	\$0	\$1,877,253	\$133,955	\$4,897,034	\$0	\$4,897,034
132 Investments - Restricted															
135 Investments - Restricted for Payment of Current Liability															
142 Prepaid Expenses and Other Assets				\$4,036	\$4,871	\$300,183	\$1,292,725						\$80,319		\$1,682,134
143 Inventories															
144 Inter Program Due From							\$1,459						\$1,459	(\$1,459)	\$0
145 Assets Held for Sale															
150 Total Current Assets	\$0	\$7,858	\$5,579	\$81,503	\$479,538	\$4,645,143	\$7,124,563	\$0	\$0	\$0	\$2,667,478	\$331,036	\$15,342,698	(\$83,178)	\$15,259,520
161 Land													\$962,535		\$962,535
162 Buildings							\$78,779,852	\$13,016,277					\$91,796,129		\$91,796,129
163 Furniture, Equipment & Machinery - Dwellings							0	\$411,532					\$411,532		\$411,532
164 Furniture, Equipment & Machinery - Administration					\$5,013		0	\$441,967					\$446,980		\$446,980
165 Leasehold Improvements							0					\$29,199	\$29,199		\$29,199
166 Accumulated Depreciation					(\$5,013)	\$0	(\$9,608,192)					(\$29,199)	(\$9,642,404)		(\$9,642,404)
167 Construction in Progress							\$0	\$306,278					\$306,278		\$306,278
168 Infrastructure															
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$78,779,852	\$5,249,144	\$0	\$0	\$0	\$962,535	\$0	\$84,991,531	\$0	\$84,991,531

171 Notes, Loans and Mortgages Receivable - Non-Current						0	\$1,050,500				\$21,030,000		\$22,080,500		\$22,080,500
172 Notes, Loans & Mortgages Receivable - Non-Current - Past Due															
173 Grants Receivable - Non-Current															
174 Other Assets						\$230,726							\$230,726		\$230,726
176 Investments in Joint Ventures						0	\$328,243						\$328,243		\$328,243
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$0	\$79,010,578	\$6,627,887	\$0	\$0	\$0	\$21,992,535	\$0	\$107,631,000	\$0	\$107,631,000
200 Deferred Outflow of Resources						\$32,525	0					\$35,907	\$66,432		\$66,432
290 Total Assets and Deferred Outflow of Resources	\$0	\$7,858	\$5,579	\$81,503	\$512,063	\$83,655,721	\$13,752,450	\$0	\$0	\$0	\$24,660,013	\$366,943	\$123,042,130	(\$83,178)	\$122,958,952
311 Bank Overdraft			\$3,502	\$7,568	\$70,648								\$81,719	(\$81,719)	\$0
313 Accounts Payable >90 Days Past Due						\$1,620	\$11,913	\$1,402,142	\$31,972						
321 Accrued Wage/Payroll Taxes Payable		\$4,356	\$642	\$4,439	\$26,901	0	\$38,114				\$27,207	\$101,659			\$101,659
322 Accrued Compensated Absences - Current Portion					\$14,691	0	\$16,730				\$27,313	\$58,734			\$58,734
324 Accrued Contingency Liability															
331 Accounts Payable - HUD PHA Programs					\$0								\$0		\$0
332 Account Payable - PHA Projects															
333 Accounts Payable - Other Government															
341 Tenant Security Deposits						\$93,410	\$17,145						\$110,555		\$110,555
342 Unearned Rent - Other						\$16,608	\$6,041						\$22,649		\$22,649
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						\$5,373,700					\$87,050		\$5,460,750		\$5,460,750
344 Current Portion of Long-term Debt - Operating Borrowings															
345 Other Current Liabilities					\$29,202	\$616,045	\$939,079					\$75,412	\$1,659,738		\$1,659,738
346 Accrued Liabilities - Other															
347 Inter Program - Due To													\$1,459	(\$1,459)	\$0
348 Loan Liability - Current															
310 Total Current Liabilities	\$0	\$7,858	\$9,669	\$76,708	\$81,807	\$7,502,195	\$1,069,081	\$0	\$0	\$0	\$87,050	\$131,682	\$8,966,050	(\$83,178)	\$8,882,872
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						\$40,589,033	\$0				\$569,343		\$41,158,376		\$41,158,376
352 Long-term Debt, Net of Current - Operating Borrowings															
354 Accrued Compensated Absences - Non-Current					\$11,755	0	\$1,780					\$15,023	\$28,558		\$28,558
355 Loan Liability - Non-Current						\$2,023,345							\$2,023,345		\$2,023,345
356 FASB 5 Liabilities															
357 Accrued Pension and OPEB Liabilities					\$139,447	0	\$27,184						\$66,631		\$66,631
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$315,215	\$48,169,069	\$1,780	\$0	\$0	\$0	\$569,343	\$42,207	\$49,559,455	\$0	\$49,559,455
300 Total Liabilities	\$0	\$7,858	\$9,669	\$76,708	\$397,023	\$55,663,104	\$1,070,861	\$0	\$0	\$0	\$656,393	\$673,889	\$58,555,505	(\$83,178)	\$58,472,327
400 Deferred Inflow of Resources					\$56,540	0						\$147,224	\$203,764		\$203,764
508.4 Net Investment in Capital Asset						\$32,817,119	\$5,249,144	\$0			\$962,535		\$39,028,798		\$39,028,798
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$47,076	0							\$47,076		\$47,076
512.4 Unrestricted Net Position	\$0	\$0	(\$4,090)	\$4,795	\$11,424	(\$4,824,502)	\$7,432,445	\$0	\$0	\$0	\$23,041,085	(\$454,170)	\$25,206,987		\$25,206,987
513 Total Equity - Net Assets / Position	\$0	\$0	(\$4,090)	\$4,795	\$58,500	\$27,992,617	\$12,681,589	\$0	\$0	\$0	\$24,003,620	(\$454,170)	\$64,282,861	\$0	\$64,282,861
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$7,858	\$5,579	\$81,503	\$512,063	\$83,655,721	\$13,752,450	\$0	\$0	\$0	\$24,660,013	\$366,943	\$123,042,130	(\$83,178)	\$122,958,952

Housing Authority of the City of Evansville (IN016)
Evansville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.228 Community Development Block Grants/State's Program	17.274 YouthBuild Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue						\$5,089,997	\$709,004						\$5,799,001		\$5,799,001
70400 Tenant Revenue - Other						\$77,333	\$26,377				\$10,740		\$114,450		\$114,450
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$5,167,330	\$735,381	\$0	\$0	\$0	\$10,740	\$0	\$5,913,451	\$0	\$5,913,451
70600 HUD PHA Operating Grants	\$1,920	\$113,125			\$13,913,377	0							\$14,028,422		\$14,028,422
70610 Capital Grants															
70710 Management Fee												\$180,219	\$180,219	(\$180,219)	\$0
70720 Asset Management Fee												\$138,630	\$138,630	(\$138,630)	\$0
70730 Book Keeping Fee												\$138,630	\$138,630	(\$138,630)	\$0
70740 Front Line Service Fee												\$138,630	\$138,630	(\$138,630)	\$0
70750 Other Fees												\$138,630	\$138,630	(\$138,630)	\$0
70700 Total Fee Revenue												\$318,849	\$318,849	(\$318,849)	\$0
70800 Other Government Grants			\$45,187	\$361,691		0		\$175,000					\$581,878		\$581,878
71100 Investment Income - Unrestricted					\$35	\$8,449	\$53,835			\$769	\$114,458	\$13	\$177,559		\$177,559
71200 Mortgage Interest Income															
71300 Proceeds from Disposition of Assets Held for Sale					\$0								\$0		\$0
71310 Cost of Sale of Assets															
71400 Fraud Recovery					\$23,791	0							\$23,791		\$23,791
71500 Other Revenue					\$49,614	0	\$8,399,299				\$29,436	\$545,212	\$9,023,561	(\$535,096)	\$8,488,465
71600 Gain or Loss on Sale of Capital Assets					\$156	0	\$862,749						\$862,905		\$862,905
72000 Investment Income - Restricted															
70000 Total Revenue	\$1,920	\$113,125	\$45,187	\$361,691	\$13,986,973	\$5,175,779	\$10,051,264	\$175,000	\$0	\$769	\$154,634	\$864,074	\$30,930,416	(\$853,945)	\$30,076,471
91100 Administrative Salaries			\$21,523	\$111,622	\$368,584	\$1,262,936	\$330,370					\$472,683	\$2,567,718		\$2,567,718
91200 Auditing Fees					\$16,496	0	\$35,694				\$1,324	\$3,418	\$56,932		\$56,932
91300 Management Fee			\$22,079	\$49,900	\$180,219	0							\$252,198	(\$180,219)	\$71,979
91310 Book-keeping Fee					\$138,630	0	\$1,850						\$140,480	(\$138,630)	\$1,850
91400 Advertising and Marketing						0	\$398						\$398		\$398
91500 Employee Benefit contributions - Administrative				\$23,608	\$151,107	0	\$63,863					(\$19,382)	\$219,196		\$219,196
91600 Office Expenses			\$4,680	\$13,348	\$136,987	0	\$179,407				\$871	\$126,703	\$461,996		\$461,996
91700 Legal Expense					\$228	0	\$44,276				\$4,456	\$12,575	\$61,535		\$61,535
91800 Travel						0	\$3,383					\$3,402	\$6,785		\$6,785
91810 Allocated Overhead															
91900 Other			\$6			0	\$535,096						\$535,102	(\$535,096)	\$6
91000 Total Operating - Administrative	\$0	\$0	\$48,288	\$198,478	\$992,251	\$1,262,936	\$1,194,337	\$0	\$0	\$0	\$6,651	\$599,399	\$4,302,340	(\$853,945)	\$3,448,395
92000 Asset Management Fee															
92100 Tenant Services - Salaries		\$82,792				0							\$82,792		\$82,792
92200 Relocation Costs															
92300 Employee Benefit Contributions - Tenant Services		\$30,333				0							\$30,333		\$30,333
92400 Tenant Services - Other															
92500 Total Tenant Services	\$0	\$113,125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,125	\$0	\$113,125

93100 Water						0	\$30,071							\$30,071		\$30,071
93200 Electricity						\$1,428,167	\$80,543							\$1,508,710		\$1,508,710
93300 Gas						0	\$25,634							\$25,634		\$25,634
93400 Fuel																
93500 Labor																
93600 Sewer																
93700 Employee Benefit Contributions - Utilities																
93800 Other Utilities Expense																
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$1,428,167	\$136,248	\$0	\$0	\$0	\$0	\$0	\$0	\$1,564,415	\$0	\$1,564,415
94100 Ordinary Maintenance and Operations - Labor						0	\$507							\$507		\$507
94200 Ordinary Maintenance and Operations - Materials and Other			\$873		\$2,858	\$1,391,157	\$116,935				\$135			\$1,511,958		\$1,511,958
94300 Ordinary Maintenance and Operations Contracts			\$32	\$25,824	\$47,120	0	\$312,858				\$11,606			\$397,440		\$397,440
94500 Employee Benefit Contributions - Ordinary Maintenance						0	\$4,604							\$4,604		\$4,604
94000 Total Maintenance	\$0	\$0	\$905	\$25,824	\$49,978	\$1,391,157	\$434,904	\$0	\$0	\$0	\$0	\$0	\$11,741	\$1,914,509	\$0	\$1,914,509
95100 Protective Services - Labor																
95200 Protective Services - Other Contract Costs							\$146,514							\$146,514		\$146,514
95300 Protective Services - Other																
95500 Employee Benefit Contributions - Protective Services																
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$146,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$146,514	\$0	\$146,514
96110 Property Insurance						\$1,095	\$326,573	\$120,178				\$9,120		\$456,966		\$456,966
96120 Liability Insurance						0	0	0				\$7,897		\$7,897		\$7,897
96130 Workmen's Compensation			\$51	\$1,164	\$12,433	0	\$16,821					\$10,286		\$40,755		\$40,755
96140 All Other Insurance						0	0	0						0		0
96100 Total Insurance Premiums	\$0	\$0	\$51	\$1,164	\$13,528	\$326,573	\$136,999	\$0	\$0	\$0	\$0	\$27,303		\$505,618	\$0	\$505,618
96200 Other General Expenses			\$33	\$131,430	\$93,062	\$128,047	\$7,035,509	\$378				\$27,904		\$7,416,363	\$19,744	\$7,436,107
96210 Compensated Absences			\$0			0	\$5,035							\$5,035		\$5,035
96300 Payments in Lieu of Taxes						0	\$29,409							\$29,409		\$29,409
96400 Bad debt - Tenant Rents						0	\$7,922							\$7,922		\$7,922
96500 Bad debt - Mortgages																
96600 Bad debt - Other					\$4,660	0	0							\$4,660		\$4,660
96800 Severance Expense																
96000 Total Other General Expenses	\$0	\$0	\$33	\$131,430	\$97,722	\$128,047	\$7,077,875	\$378	\$0	\$0	\$0	\$27,904		\$7,463,389	\$19,744	\$7,483,133
96710 Interest of Mortgage (or Bonds) Payable							\$2,006,611							\$2,006,611		\$2,006,611
96720 Interest on Notes Payable (Short and Long Term)						0	0					\$32,805		\$32,805		\$32,805
96730 Amortization of Bond Issue Costs																
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$2,006,611	\$0	\$0	\$0	\$0	\$32,805	\$0		\$2,039,416	\$0	\$2,039,416
96900 Total Operating Expenses	\$0	\$113,125	\$49,277	\$356,896	\$1,153,479	\$6,690,005	\$8,980,363	\$378	\$0	\$0	\$39,456	\$666,347		\$18,049,326	(\$834,201)	\$17,215,125
97000 Excess of Operating Revenue over Operating Expenses	\$1,920	\$0	(\$4,090)	\$4,795	\$12,833,494	(\$1,514,226)	\$1,070,901	\$174,622	\$0	\$769	\$115,178	\$197,727		\$12,881,090	(\$19,744)	\$12,861,346

07100 Extraordinary Maintenance																			
07200 Casualty Losses - Non-capitalized																			
07300 Housing Assistance Payments					\$12,605,376	0								\$12,605,376			\$12,605,376		
07350 HAP Portability-In					\$19,744									\$19,744	(\$19,744)		\$0		
07400 Depreciation Expense						\$2,443,185		\$520,488					\$5,475	\$2,969,148			\$2,969,148		
07500 Fraud Losses																			
07600 Capital Outlays - Governmental Funds																			
07700 Debt Principal Payment - Governmental Funds																			
07800 Dwelling Units Rent Expense																			
00000 Total Expenses	\$0	\$113,125	\$49,277	\$356,896	\$13,778,599	\$9,133,190	\$9,500,851	\$378	\$0	\$0	\$39,456	\$671,822	\$33,643,594	(\$853,945)			\$32,789,649		
10010 Operating Transfer In					\$1,920							\$413,990	\$415,910	\$415,910			\$415,910		
10020 Operating transfer Out	(\$1,920)											(\$413,990)	(\$415,910)	(\$415,910)			(\$415,910)		
10030 Operating Transfers from/to Primary Government																			
10040 Operating Transfers from/to Component Unit					\$11,000		\$158,000	(\$175,000)									\$0		
10050 Proceeds from Notes, Loans and Bonds																			
10060 Proceeds from Property Sales																			
10070 Extraordinary Items, Net Gain/Loss																			
10080 Special Items (Net Gain/Loss)																			
10091 Inter Project Excess Cash Transfer In																			
10092 Inter Project Excess Cash Transfer Out																			
10093 Transfers between Program and Project - In								\$0									\$0		\$0
10094 Transfers between Project and Program - Out																			
10100 Total Other financing Sources (Uses)	(\$1,920)	\$0	\$0	\$0	\$12,920	\$0	\$158,000	(\$175,000)	\$0	(\$144,572)	\$558,562	(\$407,990)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	(\$4,090)	\$4,795	\$221,294	(\$3,957,411)	\$708,413	(\$378)	\$0	(\$143,803)	\$673,740	(\$215,738)	(\$2,713,178)	\$0			(\$2,713,178)		
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$3,776,664	\$0	\$0	\$0	\$0	\$0	\$0	\$3,776,664				\$3,776,664		
11030 Beginning Equity	\$0	\$0	\$0	\$0	(\$162,794)	\$20,861,940	\$11,973,176	\$378	\$0	\$143,803	\$23,329,880	(\$238,432)	\$55,907,951				\$55,907,951		
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors						\$11,088,088	\$0	\$0					\$11,088,088				\$11,088,088		
11050 Changes in Compensated Absence Balance																			
11060 Changes in Contingent Liability Balance																			
11070 Changes in Unrecognized Pension Transition Liability																			
11080 Changes in Special Term/Severance Benefits Liability																			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																			
11100 Changes in Allowance for Doubtful Accounts - Other																			
11170 Administrative Fee Equity					\$11,424								\$11,424				\$11,424		
11180 Housing Assistance Payments Equity					\$47,076								\$47,076				\$47,076		
11190 Unit Months Available	0				33900	17330	1824				0	0	53054				53054		
1210 Number of Unit Months Leased	0				27781	9008	1184				0	0	37973				37973		
1270 Excess Cash	\$0												\$0				\$0		
1610 Land Purchases	\$0												\$0				\$0		
1620 Building Purchases	\$0												\$0				\$0		
1630 Furniture & Equipment - Dwelling Purchases	\$0												\$0				\$0		
1640 Furniture & Equipment - Administrative Purchases	\$0												\$0				\$0		
1650 Leasehold Improvements Purchases	\$0												\$0				\$0		
1660 Infrastructure Purchases	\$0												\$0				\$0		
13510 CFFP Debt Service Payments	\$0												\$0				\$0		
13901 Replacement Housing Factor Funds	\$0												\$0				\$0		