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October 28, 2020

Board of Commissioners
Housing Authority of the County of Delaware
2401 South Haddix Avenue
Muncie, IN 47302-7547

We have reviewed the audit report of the Housing Authority of the County of Delaware, which was opined upon by Goldie Roberts, CPA, Independent Public Accountant, 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 County of Delaware 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.

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

DELAWARE COUNTY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Muncie, Indiana

December 31, 2019

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

DELAWARE COUNTY
HOUSING AUTHORITY

Muncie, Indiana
December 31, 2019

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delaware County Housing Authority
2401 Haddix Avenue
Muncie, IN 47302

Report on the Financial Statements

I have audited the accompanying financial statements of the Delaware County Housing Authority ("the Authority") which comprise the Statement of Net Position as of December 31, 2019, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Delaware County Housing Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware County Housing Authority as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vii and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 19 through 20 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, 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, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 30, 2020 on my consideration of the Delaware County Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware County Housing Authority's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 30, 2020

Delaware County Housing Authority
Muncie, Indiana

Management's Discussion and Analysis
December 31, 2019

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Financial Highlights

The most significant changes on the 2019 financial statements were in deferred resources and expendable fund balance.

Authorities participating in a defined benefit plan are subject to GASB 68 in which they are required to report an allocated share of net unfunded pension liability. Deferred outflows of resources represent a consumption of net position which are applicable to a future reporting period and have a positive effect, like assets. Deferred inflows of resources are an acquisition of net assets which are applicable to a future reporting period and have a negative effect, like liabilities.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

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

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities like those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance for year-end December 31, 2019.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain property (meets HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered costs through its rental fees and other charges. It can also be used to measure profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It also provides answers to such questions as the source, spending, and change in cash during the reporting period.

**Delaware County Housing Authority
Muncie, Indiana**

Management's Discussion and Analysis

December 31, 2019

(Continued)

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

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format.

Financial Analysis

One of the most important questions concerning finances is the following; "Is the Housing Authority as a whole better, or worse, because of the achievements of the reported fiscal year?" The purpose of the information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on December 31, 2019. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues generated, and the expenses incurred in operating the Housing Authority for the year-ended December 31, 2019.

Delaware County Housing Authority has a low-rent program that provides housing for qualified tenants, a capital fund program for improvements to its low-rent property, and a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing. The following analysis focuses on the net position and the change in net position not the individual programs.

Delaware County Housing Authority
Muncie, IN

Management's Discussion and Analysis

December 31, 2019

(Continued)

Net Position

December 31,

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 203,900	\$ 311,770	\$ (107,870)	-34.60%
Capital Assets, Net	<u>1,237,222</u>	<u>1,265,124</u>	<u>(27,902)</u>	<u>-2.21%</u>
Total Assets	\$ <u>1,441,122</u>	\$ <u>1,576,894</u>	\$ <u>(135,772)</u>	<u>-8.61%</u>
Deferred Outflow of Resources	\$ <u>24,438</u>	\$ <u>24,566</u>	\$ <u>(128)</u>	<u>-0.52%</u>
Current Liabilities	93,715	85,537	8,178	9.56%
Noncurrent Liabilities	<u>215,789</u>	<u>242,952</u>	<u>(27,163)</u>	<u>-11.18%</u>
Total Liabilities	\$ <u>309,504</u>	\$ <u>328,489</u>	\$ <u>(18,985)</u>	<u>-5.78%</u>
Deferred Inflow of Resources	\$ <u>34,523</u>	\$ <u>40,426</u>	\$ <u>(5,903)</u>	<u>-14.60%</u>
Net Position:				
Investment in Capital Assets	1,237,222	1,265,124	(27,902)	-2.21%
Unrestricted Net Position	<u>(115,689)</u>	<u>(41,857)</u>	<u>(73,832)</u>	<u>176.39%</u>
Total Net Position	\$ <u>1,121,533</u>	\$ <u>1,232,545</u>	\$ <u>(111,012)</u>	<u>-9.01%</u>

Capital Assets

(Net of Accumulated Depreciation)

December 31,

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% of Change</u>
Land	\$ 26,384	\$ 26,384	\$ 0	0.00%
Buildings	8,611,132	8,611,132	0	0.00%
Furniture & Equipment - Dwell	216,502	216,502	0	0.00%
Furniture & Equipment - Admin	329,242	336,564	(7,322)	-2.18%
Leasehold Improvements	1,854,196	1,854,196	0	0.00%
Construction in progress	<u>105,005</u>	<u>0</u>	<u>105,005</u>	<u>100.00%</u>
Subtotal	11,142,461	11,044,778	97,683	0.88%
Accumulated Depreciation	<u>(9,905,239)</u>	<u>(9,779,654)</u>	<u>(125,585)</u>	<u>1.28%</u>
Net Capital Assets	\$ <u>1,237,222</u>	\$ <u>1,265,124</u>	\$ <u>(27,902)</u>	<u>-2.21%</u>

**Delaware County Housing Authority
Muncie, Indiana**

**Management's Discussion and Analysis
December 31, 2019
(Continued)**

Net Position

Total assets consist of current and capital assets. Current assets are resources that are reasonably expected, based on plans and intentions, to be converted into cash or its equivalent during the current operating cycle. Capital assets are long-term tangible assets obtained because of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Total liabilities consist of current and noncurrent payables. Current liabilities are current debts that are owed and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt. Noncurrent liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume current financial resources to satisfy the debt.

Capital additions exceeded annual depreciation which increased total assets. Total liabilities decreased due to accrued compensated absences (paid leave). Changes in deferred resources (the Authority's defined pension plan) are governed by the state retirement system guidelines.

The Housing Authority had \$159,490 in Capital Grant revenue to draw down and spend in the future.

Total Net Position

The balance in total net position, \$1,121,533, was the compilation of revenues, expenses, and capital expenditures accumulated during the life of the Housing Authority. Current year expenses (\$2,164,759) exceeded revenues (\$2,053,747) by \$111,012 which resulted in a decrease in equity (net position).

Debt

The Authority had no long-term obligations such as notes or bonds payable.

Expendable Fund Balance

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% of Change</u>
Expendable Fund Balance	\$ <u>107,373</u>	\$ <u>208,344</u>	\$ <u>(100,971)</u>	<u>-48.46%</u>
Number of Months Expendable Fund	<u>1.09</u>	<u>2.17</u>	<u>(1.09)</u>	<u>-49.96%</u>

Expendable Fund Balance

If current assets, less materials inventory, were converted to cash and all current liabilities were paid, the Authority's cash balance (expendable fund balance) would be \$107,373 which decreased \$100,971.

**Delaware County Housing Authority
Muncie, Indiana**

**Management's Discussion and Analysis
December 31, 2019
(Continued)**

Number of Months Expendable Fund Balance

The expendable fund balance is divided by average monthly expense (total expenses for the year, less depreciation, divided by twelve (12) to determine the number of months expendable fund balance. This factor indicates the number of months the entity could operate without relying on additional funding. As of the fiscal year-end, the Authority could continue operations for 1.09 months.

**Changes in Net Position
For the Year Ended December 31**

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tenant Revenue	\$ 436,747	\$ 450,191	\$ (13,444)	-2.99%
Federal Grants & Subsidy	1,611,623	1,581,513	30,110	1.90%
Investment	815	660	155	23.48%
Other Income	4,562	6,306	(1,744)	-27.66%
Total Revenue	<u>2,053,747</u>	<u>2,038,670</u>	<u>15,077</u>	<u>0.74%</u>
Expenses:				
Administrative	502,313	481,564	20,749	4.31%
Tenant Services	101	20	81	405.00%
Utilities	195,471	199,011	(3,540)	-1.78%
Routine Maintenance	358,063	347,749	10,314	2.97%
Protective Services	6,116	6,203	(87)	-1.40%
General	114,116	102,431	11,685	11.41%
Non-Routine	8,116	12,931	(4,815)	-37.24%
Housing Assistance Payments	794,994	863,506	(68,512)	-7.93%
Depreciation	185,469	230,027	(44,558)	-19.37%
Total Operating Expenses	<u>2,164,759</u>	<u>2,243,442</u>	<u>(78,683)</u>	<u>-3.51%</u>
Increase (Decrease) in Net Position	<u>\$ (111,012)</u>	<u>\$ (204,772)</u>	<u>\$ 93,760</u>	<u>-45.79%</u>

Changes in Net Position

Total revenue's increase had minimal effects on the 2019 financial statements. Total operating expenses decreased due to mainly to decreases in average costs per unit leased. The net effect was an increase in changes in net position.

**Delaware County Housing Authority
Muncie, Indiana**

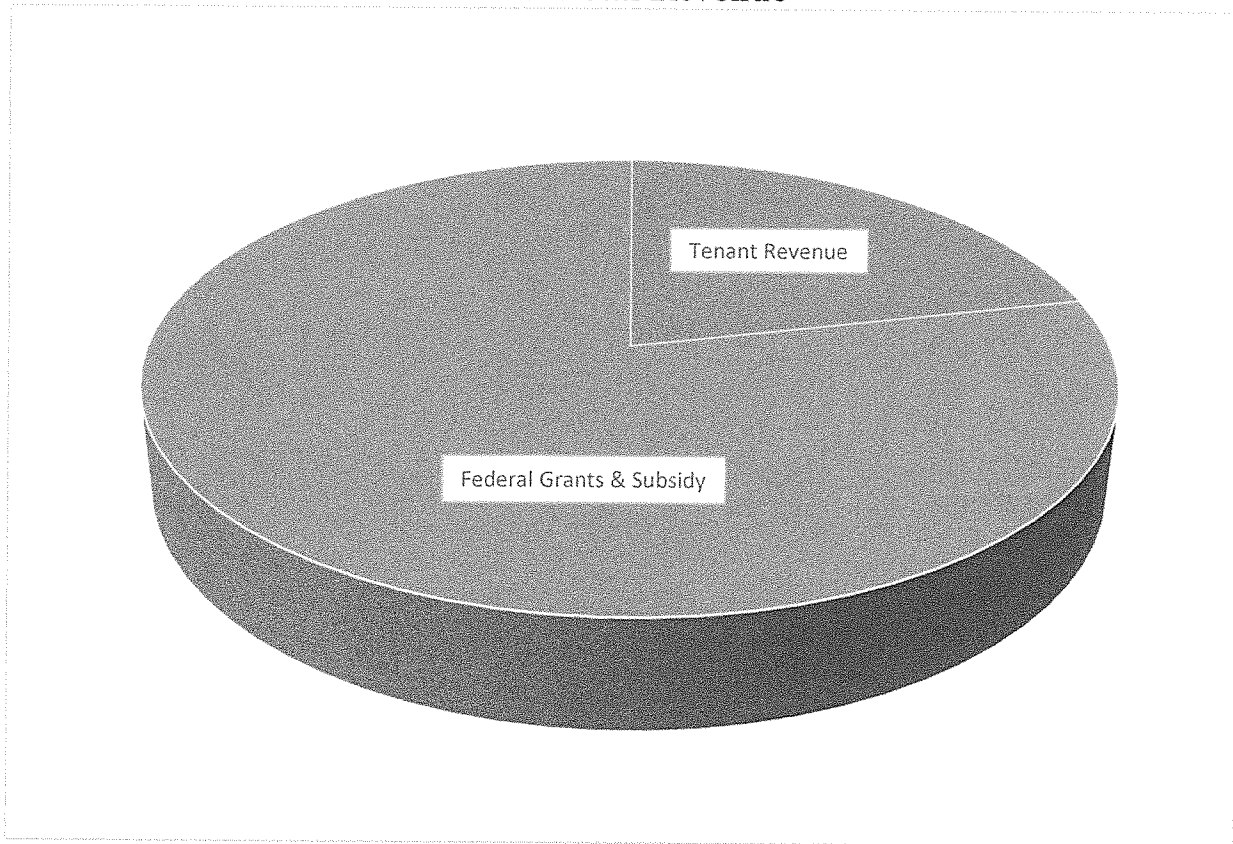
Management's Discussion and Analysis

December 31, 2019

(Continued)

Investment revenue, other income, along with tenant services, protective services, and non-routine maintenance expenses had minimal effects on the 2019 financial statements which were not included in the following graphs.

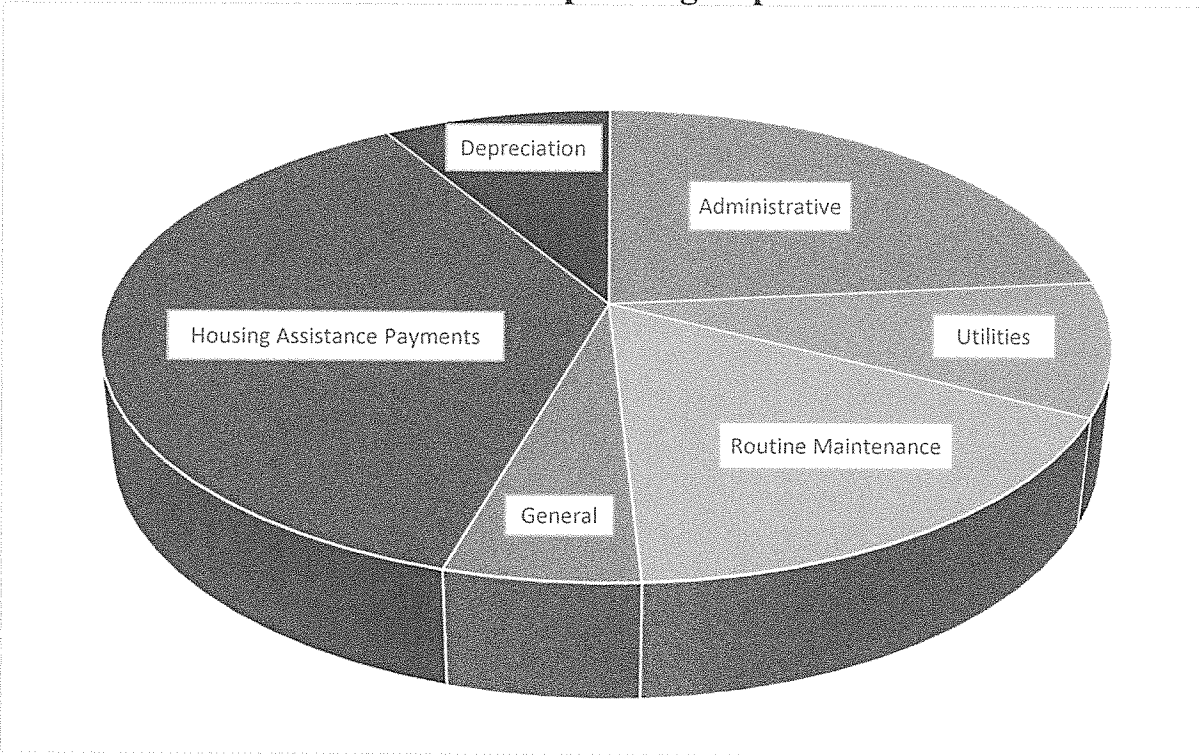
2019 Total Revenue



**Delaware County Housing Authority
Muncie, Indiana**

Management's Discussion and Analysis
December 31, 2019
(Continued)

2019 Total Operating Expenses



Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact Nome Marienau, Executive Director, Delaware County Housing Authority, 2401 South Haddix Ave., Muncie, IN 47302-7547, telephone number (765) 284-3801.

FINANCIAL STATEMENTS

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT OF NET POSITION

DECEMBER 31, 2019

<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 139,147
Restricted cash and cash equivalents	50,363
Accounts receivable, net	7,330
Prepaid expenses	4,248
Inventory, net	2,812
Total Current Assets	203,900
<u>Capital Assets</u>	
Land and other nondepreciable assets	131,389
Depreciable capital assets, net	1,105,833
Total Capital Assets	1,237,222
Total Assets	1,441,122
<u>Deferred outflow of resources</u>	
Pension related	24,438
Total Assets and Deferred Outflow of Resources	1,465,560
<u>LIABILITIES</u>	
<u>Current liabilities</u>	
Accounts payable	25,636
Accrued liabilities	16,842
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	50,363
Unearned revenue	874
Total Current Liabilities	93,715
<u>Noncurrent liabilities</u>	
Accrued compensated absences	7,570
Net Pension Liability	208,219
Total Noncurrent Liabilities	215,789
Total Liabilities	309,504
<u>Deferred inflow of resources</u>	34,523
<u>NET POSITION</u>	
Net investment in capital assets	1,237,222
Restricted	0
Unrestricted	(115,689)
Total Net Position	\$ 1,121,533

The accompanying notes are an integral part of these financial statements.

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES

Rental income	\$ 436,747
Other income	4,562

TOTAL OPERATING REVENUE	441,309
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OPERATING EXPENSES

Administrative	502,313
Tenant services	101
Utilities	195,471
Ordinary maintenance and operation	366,179
Protective Services	6,116
General expense	114,116
Housing assistance payments	794,994
Depreciation expense	185,469

TOTAL OPERATING EXPENSES	2,164,759
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OPERATING INCOME (LOSS)	(1,723,450)
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NONOPERATING REVENUES

Federal operating grants	1,506,618
Interest income	815

TOTAL NONOPERATING REVENUES	1,507,433
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CAPITAL CONTRIBUTIONS	105,005
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CHANGE IN NET POSITION	(111,012)
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TOTAL NET POSITION - BEGINNING OF YEAR	1,232,545
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TOTAL NET POSITION - END OF YEAR	\$ 1,121,533
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The accompanying notes are an integral part of these financial statements.

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from tenants and other deposits	\$ 442,431
Payments to vendors	(591,176)
Payments to landlords	(794,994)
Payments to employees	(613,023)
Net Cash Used by Operating Activities	<u>(1,556,762)</u>
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Federal operating grants received	<u>1,506,618</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>1,506,618</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital assets purchased	105,005
Capital grants received	<u>(157,567)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(52,562)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest income	<u>815</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>815</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (101,891)
 Cash - Beginning of year	 <u>291,401</u>
 Cash - End of year	 \$ <u><u>189,510</u></u>
 Reconciliation of Cash	
Unrestricted	\$ 139,147
Restricted	<u>50,363</u>
Total Cash and Cash Equivalents	<u>\$ <u>189,510</u></u>

Continued

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

RECONCILIATION OF OPERATING (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$	(1,723,450)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:		
Depreciation		185,469
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		1,122
Prepaid expenses		4,857
Increase (Decrease) in:		
Accounts payable		9,968
Pension related		(7,493)
Accrued liabilities		(26,304)
Unearned revenue		(931)
Net Cash Flows Provided by Operating Activities	\$	<u>(1,556,762)</u>

The accompanying notes are an integral part of these financial statements

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the DELAWARE COUNTY HOUSING AUTHORITY ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity - The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Delaware County Housing Authority. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Delaware County Housing Authority include the following: At December 31, 2019, the Housing Authority has 326 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	162
Housing Assistance Payments Program: Vouchers	<u>164</u>
Total	<u>326</u>

The Authority is also operating Capital Fund Grant Programs.

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - Summary of Significant Accounting Policies: (continued)

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of checking accounts and Money Market accounts and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchased to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by political subdivisions.

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepays represent payments made to vendors for services that will benefit beyond December 31, 2019.

Inventories - Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - Summary of Significant Accounting Policies: (continued)

Capital assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Buildings and improvements	15-40 years
Maintenance and Office equipment	5-10 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside 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.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Operating and Non-operating Revenues

The Authority's policy defines operating revenues as rents, excess utilities, and other service charges to tenants. Federal subsidies, capital grants, interest income and unusual revenues are classified as non-operating revenues.

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, then restricted resources as they are allowed.

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

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - Summary of Significant Accounting Policies: (continued)

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2019, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. Credit Risk: This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

C. Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

Deposits made in accordance with state statute (Indiana Code 5-13) with financial institutions in the State of Indiana should be covered to the extent not covered by the Indiana Public Deposit Insurance Fund to the extent not covered by insurance of any federal deposit insurance agency.

At December 31, 2019, the carrying amount of the Authority's deposits was \$189,510. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE B - Deposits, Cash and Cash Equivalents: (continued)

Deposits consist of the following:

	<u>Per books</u>	<u>Per banks</u>
Checking accounts	\$189,510	\$ 189,510

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2019, consist of the following:

Tenants, net of allowance of \$ 7,640	<u>\$ 7,330</u>
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NOTE D - Prepaid Expenses and Other Assets:

Prepaid expenses and other assets at December 31, 2019, consist of the following:

Prepaid insurance costs	<u>\$ 4,248</u>
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NOTE E - Inventory:

Inventory at December 31, 2019, consist of the following:

Materials and supplies, net of \$453 allowance	<u>\$ 2,960</u>
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Inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenses. Expenses are recorded when inventory is consumed.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE F - Capital Assets:

A summary of changes in capital assets is as follows:

	Beginning Balance <u>12/31/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>12/31/19</u>
Capital assets, not being depreciated:					
Land	\$ 26,384	\$ 0	\$ 0	\$ 0	\$ 26,384
Construction in Progress	<u>0</u>	<u>105,005</u>	<u>0</u>	<u>0</u>	<u>105,005</u>
Total Capital Assets, Not being depreciated	<u>26,384</u>	<u>105,005</u>	<u>0</u>	<u>0</u>	<u>131,389</u>
Capital Assets, being depreciated:					
Buildings & Improvements	10,465,328	0	0	0	10,465,328
Furniture, Equipment & Machinery	<u>553,066</u>	<u>0</u>	<u>(7,322)</u>	<u>0</u>	<u>545,744</u>
Total Capital Assets, being depreciated	<u>11,018,394</u>	<u>0</u>	<u>(7,322)</u>	<u>0</u>	<u>11,011,072</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(9,303,347)	(178,196)	56,890	0	(9,424,653)
Furniture, Equipment and Machinery	<u>(476,307)</u>	<u>(7,273)</u>	<u>2,994</u>	<u>0</u>	<u>(480,586)</u>
Total Accumulated Depreciation:	<u>(9,779,654)</u>	<u>(185,469)</u>	<u>59,884</u>	<u>0</u>	<u>(9,905,239)</u>
Total Capital Assets, being depreciated, net	<u>1,238,740</u>	<u>(185,469)</u>	<u>52,562</u>	<u>0</u>	<u>1,105,833</u>
Capital Assets, Net	<u>\$ 1,265,124</u>	<u>\$ (80,464)</u>	<u>\$ 52,562</u>	<u>\$ 0</u>	<u>\$ 1,237,222</u>

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - Indiana Public Retirement System

Plan Description - The Housing Authority participates in a cost-sharing multiple-employer pension plan, as defined in Governmental Accounting Standards Board Statement No, 67, Financial Reporting for Pension Plans. The pension plan is administered by the Indiana Public Retirement Systems (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at <https://www.in.gov/inprs/actuarialvaluation.htm>.

Members include officers and employees of the units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid plan.

Benefits Provided - Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

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% 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.

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% of the pension benefit.

A member who is at least 55 years old with sum of age and vesting service equal to 85 or more is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit

In lieu of a cost of living adjustment (COLA) on January 1, 2019, members in pay were provided a 13th check on October 1, 2019.

The PERF hybrid plan also provides disability and survivor benefits.

Contributions - Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During 2019, all participating employers contributed an average of 11.2% of covered payroll. The authority's required contribution to the plan for the fiscal year ended December 31, 2019 was \$33,757. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

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

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - Indiana Public Retirement System (continued)

At December 31, 2019, the Housing Authority reported a liability of \$209,937 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to

June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2019, the Housing Authority's proportion was 0.0000630, which was a decrease of 0.0000001% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Housing Authority recognized pension expense of \$208,219.

At December 31, 2019, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$5,514	\$ 0
Net differences between projected and actual earnings on pension plan investments	0	9,842
Changes in assumptions	46	22,635
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,579	2,046
Employer contributions subsequent to the measurement date	15,299	0
Total	\$24,438	\$34,523

There was \$(25,384) reported as deferred outflows related to pension resulting from the INPRS Employer's contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Amortization of net deferred outflows (inflows) or resources
2020	\$ (7,966)
2021	(14,576)
2022	(2,077)
2023	(765)
Total	(25,384)

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - Indiana Public Retirement System (continued)

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2018
Measurement Date of Net Pension Liability	June 30, 2019
Actuarial Cost Method:	Entry Age Normal - Level Percent of Payroll
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	6.75%
Discount Rate:	6.75%, net of investment expenses
Salary Increases:	2.25%
Inflation	0.25-2.00%
Productive, Merit, and Promotion	
Mortality:	RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

Actuarial assumptions are based upon an experience study completed in April 2015 using 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. The total pension liability for June 30, 2019 is based upon a roll-forward of the liability calculated from the June 30, 2018 actuarial valuation.

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

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE G - Indiana Public Retirement System (continued)

Asset Allocation Targets and Expected Returns (as of June 30, 2019)

Asset Class	Current Asset Allocation %	Target Range %
Public Equity	21.3	22.0
Private Markets	12.5	14.0
Fixed Income-Ex Inflation-Linked	20.1	20.0
Fixed Income-Inflation-Linked	7.4	7.0
Commodities	7.6	8.0
Real Estate	6.0	7.0
Absolute Return	9.6	10.0
Risk Party	13.2	12.0
Cash + Cash Overlay	2.3	N/A
Total	100%	100%

Single Discount Rate - The discount rate used to measure the total pension liability was 6.75% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate of 11.2%, or 2) the actuarially determined contribution rate computer by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

Sensitivity of the Housing Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease to Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase To Discount Rate (7.75%)
Delaware County HA's proportionate share of the net pension liability	\$334,402	\$208,219	\$102,972

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at https://www.in.gov/inprs/files/2019_INPRSCAFRBook.pdf.

The Pension information is not audited.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE H - Accounts Payable:

Accounts payable at December 31, 2019, consist of the following:

Vendors' accounts payable	<u>\$ 25,636</u>
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NOTE I - Accrued Liabilities:

Accrued liabilities at December 31, 2019, consist of the following:

Accrued payroll	\$ 16,001
Accrued compensated absences	<u>841</u>
Total	<u>\$ 16,842</u>

NOTE J - Unearned Revenue:

Unearned Revenue at December 31, 2019, consists of the following:

Tenant prepaid rents	<u>\$ 874</u>
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NOTE K - Noncurrent Liabilities

	<u>12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/19</u>	<u>Current Portion</u>	<u>Total</u>
Compensated Absences	\$ 33,015	\$ 0	\$ 25,445	\$ 7,570	\$ 0	\$ 7,570
Pension Liabilities	<u>208,219</u>	<u>0</u>	<u>0</u>	<u>208,219</u>	<u>0</u>	<u>208,219</u>
	<u>\$241,234</u>	<u>\$ 0</u>	<u>\$ 25,445</u>	<u>\$215,789</u>	<u>\$ 0</u>	<u>\$ 215,789</u>

NOTE L - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended December 31, 2019 were as follows:

Low Rent Public Housing	\$ 526,381
Housing Choice Voucher	871,241
Capital Fund Program	<u>108,996</u>
Total	<u>\$ 1,506,618</u>

NOTE M - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended December 31, 2019 were \$105,005.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE N - Commitments and Contingencies:

Litigation - At December 31, 2019, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2019.

Grant Disallowances - Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: There are no major construction projects in progress at December 31, 2019.

NOTE O - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

NOTE P - Economic Dependency:

The Authority receives approximately 78% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE Q - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE R - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through April 30, 2020 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Delaware County Housing Authority's proportion of the net pension liability	.0000634	.0000658	.0000627	.0000618	0.0000618
Delaware County Housing Authority's proportionate share of the net pension liability	\$ 258,222	\$ 298,630	\$ 279,739	\$ 209,937	\$ 208,219
Delaware County Housing Authority's covered employee payroll	\$ 303,706	\$ 315,335	\$ 310,963	\$ 315,486	\$ 328,186
Delaware County Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	85.02%	94.70%	89.95%	66.54%	63.44%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/19

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

SCHEDULE OF THE DELAWARE COUNTY HOUSING AUTHORITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 258,222	\$ 298,630	\$ 279,739	\$ 209,937	\$ 208,219
Contributions in relation to the contractually required contribution	258,222	298,630	279,739	209,937	208,219
Contribution deficiency (excess)	0	0	0	0	0
Delaware County Housing Authority's covered employee payroll	\$ 303,706	\$ 305,335	\$310,963	\$ 315,786	\$ 328,186
Contributions as a percentage of covered employee payroll	8.50%	9.47%	8.99%	6.65%	6.64%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/18

SUPPLEMENTAL FINANCIAL INFORMATION

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

COMBINING SCHEDULE OF PROGRAM NET POSITION

DECEMBER 31, 2019

	Annual Contributions Contracts		
	IN004	IN004	IN004
	Low Income Public Housing	Capital Fund Programs	Section 8 Voucher Program
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 112,640	\$ 0	\$ 26,507
Restricted cash and cash equivalents	50,363	0	0
Accounts receivable, net	3,158	0	4,172
Interprogram due from	0	0	0
Prepaid expenses	4,248	0	0
Inventory, net	2,812	0	0
Total Current Assets	173,221	0	30,679
<u>Capital Assets</u>			
Land and other nondepreciable assets	131,389	0	0
Depreciable capital assets, net	1,105,833	0	0
Total Capital Assets	1,237,222	0	0
Total Assets	1,410,443	0	30,679
<u>Deferred outflow of resources</u>			
Pension related	24,438	0	0
Total Assets and Deferred Outflow of Resources	1,434,881	0	30,679
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	25,636	0	0
Accrued liabilities	15,409	0	1,433
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	50,363	0	0
Unearned revenue	874	0	0
Interprogram due to	0	0	0
Total Current Liabilities	92,282	0	1,433
<u>Noncurrent liabilities</u>			
Long Term Compensated Absences	6,534	0	1,036
Net Pension Liability	208,219	0	0
Total Noncurrent Liabilities	214,753	0	1,036
Total Liabilities	307,035	0	2,469
<u>Deferred inflow or resources</u>	34,523	0	0
<u>NET POSITION</u>			
Net investment in capital assets	1,237,222	0	0
Restricted	0	0	0
Unrestricted	(143,899)	0	28,210
Total Net Position	\$ 1,093,323	\$ 0	\$ 28,210

IN004

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 139,147
0	50,363
0	7,330
0	0
0	4,248
0	2,812
<u>0</u>	<u>203,900</u>
0	131,389
<u>0</u>	<u>1,105,833</u>
<u>0</u>	<u>1,237,222</u>
<u>0</u>	<u>1,441,122</u>
<u>0</u>	<u>24,438</u>
<u>0</u>	<u>1,465,560</u>
0	25,636
0	16,842
0	50,363
0	874
0	0
<u>0</u>	<u>93,715</u>
0	7,570
0	208,219
<u>0</u>	<u>215,789</u>
<u>0</u>	<u>309,504</u>
<u>0</u>	<u>34,523</u>
0	1,237,222
0	0
0	(115,689)
<u>\$ 0</u>	<u>\$ 1,121,533</u>

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	Annual Contributions Co		
	IN004	IN004	IN004
	Low Income Public Housing	Capital Fund Programs	Section 8 Voucher Program
<u>OPERATING REVENUES</u>			
Rental income	\$ 436,747	\$ 0	\$ 0
Other income	3,220	0	1,342
TOTAL OPERATING REVENUE	439,967	0	1,342
<u>OPERATING EXPENSES</u>			
Administrative	415,088	0	87,225
Tenant services	101	0	0
Utilities	195,471	0	0
Ordinary maintenance and operation	366,179	0	0
Protective services	6,116	0	0
General expense	113,973	0	143
Housing assistance payments	0	0	794,994
Depreciation expense	185,469	0	0
TOTAL OPERATING EXPENSES	1,282,397	0	882,362
OPERATING INCOME (LOSS)	(842,430)	0	(881,020)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	526,381	108,996	871,241
Gain on sale of capital assets	0	0	0
Interest income	807	0	8
TOTAL NONOPERATING REVENUES (EXPENSES)	527,188	108,996	871,249
CAPITAL CONTRIBUTIONS	0	105,005	0
CHANGE IN NET ASSETS	(315,242)	214,001	(9,771)
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	1,194,564	0	37,981
Equity transfers	214,001	(214,001)	0
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	1,408,565	(214,001)	37,981
TOTAL NET POSITION - END OF YEAR	\$ 1,093,323	\$ 0	\$ 28,210

ontracts

IN004

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 436,747
0	4,562
<u>0</u>	<u>441,309</u>
0	502,313
0	101
0	195,471
0	366,179
0	6,116
0	114,116
0	794,994
0	185,469
<u>0</u>	<u>2,164,759</u>
<u>0</u>	<u>(1,723,450)</u>
0	1,506,618
0	0
<u>0</u>	<u>815</u>
<u>0</u>	<u>1,507,433</u>
<u>0</u>	<u>105,005</u>
<u>0</u>	<u>(111,012)</u>
0	1,232,545
0	0
<u>0</u>	<u>1,232,545</u>
<u>\$ 0</u>	<u>\$ 1,121,533</u>

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
DECEMBER 31, 2019

Annual Contributions Contract IN004

501-17

1. The Capital Fund Grant Costs are as follows:

Funds Approved	\$	181,035
Funds Expended		<u>181,035</u>
Excess / (Deficiency) of Funds Approved	\$	<u><u>0</u></u>
Funds Advanced	\$	181,035
Funds Expended		<u>181,035</u>
Excess / (Deficiency) of Funds Advanced	\$	<u><u>0</u></u>

2. Costs additions totaling \$ 108,000 were made during the current audit period and, accordingly, were audited by Goldie Roberts, CPA.

3. The total amount of the Capital Fund Grant Costs at December 31, 2019 as shown above are in agreement with the Actual Capital Fund Cost Certificate submitted to HUD and approved by HUD.

4. All capital fund grant work in connection with the Project has been completed.

5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.

6. There were no budget overruns.

Delaware County Housing Authority (IN004)
MUNCIE, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$112,640	\$26,507	\$139,147		\$139,147
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$0	\$0		\$0
114 Cash - Tenant Security Deposits	\$50,363	\$0	\$50,363		\$50,363
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0		\$0
100 Total Cash	\$163,003	\$26,507	\$189,510		\$189,510
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$4,172	\$4,172		\$4,172
124 Accounts Receivable - Other Government	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$10,129	\$0	\$10,129		\$10,129
126.1 Allowance for Doubtful Accounts - Tenants	-\$7,640	\$0	-\$7,640		-\$7,640
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$669	\$0	\$669		\$669
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,158	\$4,172	\$7,330		\$7,330
131 Investments - Unrestricted	\$0	\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$4,248	\$0	\$4,248		\$4,248
143 Inventories	\$2,960	\$0	\$2,960		\$2,960
143.1 Allowance for Obsolete Inventories	-\$148	\$0	-\$148		-\$148
144 Inter Program Due From	\$0	\$0	\$0		\$0
145 Assets Held for Sale	\$0	\$0	\$0		\$0
150 Total Current Assets	\$173,221	\$30,679	\$203,900		\$203,900
161 Land	\$26,384	\$0	\$26,384		\$26,384
162 Buildings	\$8,611,132	\$0	\$8,611,132		\$8,611,132
163 Furniture, Equipment & Machinery - Dwellings	\$216,502	\$0	\$216,502		\$216,502
164 Furniture, Equipment & Machinery - Administration	\$311,522	\$17,720	\$329,242		\$329,242
165 Leasehold Improvements	\$1,854,196	\$0	\$1,854,196		\$1,854,196
166 Accumulated Depreciation	-\$9,887,519	-\$17,720	-\$9,905,239		-\$9,905,239
167 Construction in Progress	\$105,005	\$0	\$105,005		\$105,005
168 Infrastructure	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,237,222	\$0	\$1,237,222		\$1,237,222
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0		\$0
174 Other Assets	\$0	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0		\$0
180 Total Non-Current Assets	\$1,237,222	\$0	\$1,237,222		\$1,237,222
200 Deferred Outflow of Resources	\$24,438	\$0	\$24,438		\$24,438
290 Total Assets and Deferred Outflow of Resources	\$1,434,881	\$30,679	\$1,465,560		\$1,465,560
311 Bank Overdraft	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$25,636	\$0	\$25,636		\$25,636
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0		\$0

321	Accrued Wage/Payroll Taxes Payable	\$14,683	\$1,318	\$16,001	\$16,001
322	Accrued Compensated Absences - Current Portion	\$726	\$115	\$841	\$841
324	Accrued Contingency Liability	\$0	\$0	\$0	\$0
325	Accrued Interest Payable	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0
332	Account Payable - PHA Projects	\$0	\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$0
341	Tenant Security Deposits	\$50,363	\$0	\$50,363	\$50,363
342	Unearned Revenue	\$874	\$0	\$874	\$874
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0
344	Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0
345	Other Current Liabilities	\$0	\$0	\$0	\$0
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$0
347	Inter Program - Due To	\$0	\$0	\$0	\$0
348	Loan Liability - Current	\$0	\$0	\$0	\$0
310	Total Current Liabilities	\$92,282	\$1,433	\$93,715	\$93,715
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0
352	Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0
353	Non-current Liabilities - Other	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non Current	\$6,534	\$1,036	\$7,570	\$7,570
355	Loan Liability - Non Current	\$0	\$0	\$0	\$0
356	FASB 5 Liabilities	\$0	\$0	\$0	\$0
357	Accrued Pension and OPEB Liabilities	\$208,219	\$0	\$208,219	\$208,219
350	Total Non-Current Liabilities	\$214,753	\$1,036	\$215,789	\$215,789
300	Total Liabilities	\$307,035	\$2,469	\$309,504	\$309,504
400	Deferred Inflow of Resources	\$34,523	\$0	\$34,523	\$34,523
508.4	Net Investment in Capital Assets	\$1,237,222	\$0	\$1,237,222	\$1,237,222
511.4	Restricted Net Position	\$0	\$0	\$0	\$0
512.4	Unrestricted Net Position	-\$143,899	\$28,210	-\$115,689	-\$115,689
513	Total Equity - Net Assets / Position	\$1,093,323	\$28,210	\$1,121,533	\$1,121,533
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,434,881	\$30,679	\$1,465,560	\$1,465,560

Delaware County Housing Authority (IN004)
MUNCIE, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$409,331	\$0	\$409,331		\$409,331
70400 Tenant Revenue - Other	\$27,416	\$0	\$27,416		\$27,416
70500 Total Tenant Revenue	\$436,747	\$0	\$436,747	\$0	\$436,747
70600 HUD PHA Operating Grants	\$635,377	\$871,241	\$1,506,618		\$1,506,618
70610 Capital Grants	\$105,005	\$0	\$105,005		\$105,005
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$807	\$8	\$815		\$815
71200 Mortgage Interest Income	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$66	\$66		\$66
71500 Other Revenue	\$3,220	\$1,276	\$4,496		\$4,496
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0		\$0
70000 Total Revenue	\$1,181,156	\$872,591	\$2,053,747	\$0	\$2,053,747
91100 Administrative Salaries	\$233,420	\$51,903	\$285,323		\$285,323
91200 Auditing Fees	\$7,054	\$3,023	\$10,077		\$10,077
91300 Management Fee	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$816	\$33	\$849		\$849
91500 Employee Benefit contributions - Administrative	\$95,661	\$23,823	\$119,484		\$119,484
91600 Office Expenses	\$13,526	\$424	\$13,950		\$13,950
91700 Legal Expense	\$7,270	\$0	\$7,270		\$7,270
91800 Travel	\$2,015	\$85	\$2,100		\$2,100
91810 Allocated Overhead	\$0	\$0	\$0		\$0
91900 Other	\$55,326	\$7,934	\$63,260		\$63,260
91000 Total Operating - Administrative	\$415,088	\$87,225	\$502,313	\$0	\$502,313
92000 Asset Management Fee	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$101	\$0	\$101		\$101
92500 Total Tenant Services	\$101	\$0	\$101	\$0	\$101
93100 Water	\$39,892	\$0	\$39,892		\$39,892
93200 Electricity	\$13,967	\$0	\$13,967		\$13,967
93300 Gas	\$63,193	\$0	\$63,193		\$63,193
93400 Fuel	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0		\$0
93600 Sewer	\$78,419	\$0	\$78,419		\$78,419
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0		\$0
93000 Total Utilities	\$195,471	\$0	\$195,471	\$0	\$195,471

94100 Ordinary Maintenance and Operations - Labor	\$145,843	\$0	\$145,843		\$145,843
94200 Ordinary Maintenance and Operations - Materials and Other	\$53,510	\$0	\$53,510		\$53,510
94300 Ordinary Maintenance and Operations Contracts	\$96,337	\$0	\$96,337		\$96,337
94500 Employee Benefit Contributions - Ordinary Maintenance	\$62,373	\$0	\$62,373		\$62,373
94000 Total Maintenance	\$358,063	\$0	\$358,063	\$0	\$358,063
95100 Protective Services - Labor	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$6,116	\$0	\$6,116		\$6,116
95300 Protective Services - Other	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$6,116	\$0	\$6,116	\$0	\$6,116
96110 Property Insurance	\$49,586	\$0	\$49,586		\$49,586
96120 Liability Insurance	\$1,306	\$0	\$1,306		\$1,306
96130 Workmen's Compensation	\$11,168	\$0	\$11,168		\$11,168
96140 All Other Insurance	\$16,781	\$0	\$16,781		\$16,781
96100 Total Insurance Premiums	\$78,841	\$0	\$78,841	\$0	\$78,841
96200 Other General Expenses	\$0	\$143	\$143		\$143
96210 Compensated Absences	\$0	\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$14,364	\$0	\$14,364		\$14,364
96400 Bad debt - Tenant Rents	\$20,768	\$0	\$20,768		\$20,768
96500 Bad debt - Mortgages	\$0	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$35,132	\$143	\$35,275	\$0	\$35,275
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,088,812	\$87,368	\$1,176,180	\$0	\$1,176,180
97000 Excess of Operating Revenue over Operating Expenses	\$92,344	\$785,223	\$877,567	\$0	\$877,567
97100 Extraordinary Maintenance	\$8,116	\$0	\$8,116		\$8,116
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$793,832	\$793,832		\$793,832
97350 HAP Portability-In	\$0	\$1,162	\$1,162		\$1,162
97400 Depreciation Expense	\$185,469	\$0	\$185,469		\$185,469
97500 Fraud Losses	\$0	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0	\$0	\$0		\$0
90000 Total Expenses	\$1,282,397	\$882,362	\$2,164,759	\$0	\$2,164,759
10010 Operating Transfer In	\$102,996	\$0	\$102,996	-\$102,996	\$0
10020 Operating transfer Out	-\$102,996	\$0	-\$102,996	\$102,996	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$101,241	-\$9,771	-\$111,012	\$0	-\$111,012

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,194,564	\$37,981	\$1,232,545	\$1,232,545
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0	\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$0	\$28,210	\$28,210	\$28,210
11180 Housing Assistance Payments Equity		\$0	\$0	\$0
11190 Unit Months Available	1944	1975	3919	3919
11210 Number of Unit Months Leased	1914	1975	3889	3889
11270 Excess Cash	-\$16,355		-\$16,355	-\$16,355
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$21,853		\$21,853	\$21,853
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$83,152		\$83,152	\$83,152
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense and extraordinary maintenance expense from operating activities, includes investment revenue and HUD capital grants in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AWARD	EXPENDITURES
	<u>U. S. DEPARTMENT OF HUD</u>			
C-2016	Public & Indian Housing	14.850	\$ 526,381	\$ 526,381
C-2064	Housing Choice Cluster Section 8 Housing Choice Vouchers	14.871	871,241	871,241
C-2016	Pubic Housing Capital Fund	14.872	446,523	214,001
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,844,145</u>	<u>\$ 1,611,623</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Delaware County Housing Authority under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Delaware County Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flow of Delaware County Housing Authority.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Delaware County Housing Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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*

Independent Auditor's Report

Board of Commissioners
Delaware County Housing Authority
2401 Haddix Avenue
Muncie, IN 47302

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Delaware County Housing Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Delaware County Housing Authority's basic financial statements and have issued my report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Delaware County Housing 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Delaware County Housing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware County Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of the Delaware County Housing Authority in a separate letter dated April 30, 2020.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 30, 2020

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd

Fredericksburg, Indiana 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delaware County Housing Authority
2401 Haddix Avenue
Muncie, IN 47302

Report on Compliance for Each Major Federal Program

I have audited the Delaware County Housing 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 Delaware County Housing Authority's major federal programs for the year ended December 31, 2019. The Delaware County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 30, 2020

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

DECEMBER 31, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified?

_____yes X none reported

Noncompliance material to financial statements noted?

_____yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified that are not considered to be material weakness(es)?

_____yes X none reported

Type of auditors' report issued on compliance for major federal 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 federal programs:

CFDA Number

Name of Federal Program

14.871

Housing Voucher Cluster
Section 8 Housing Choice Vouchers

14.872

Public Housing Capital Fund

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____no

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

DECEMBER 31, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.