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January 28, 2021

Board of Commissioners
Knox County Housing Authority
11 Powell Street
Bicknell, IN 47512

We have reviewed the audit report of the Knox County Housing Authority, which was opined on by Barry E. Gaudette, CPA, PC, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Knox County Housing Authority as of June 30, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

Paul D. Joyce, CPA
State Examiner

**KNOX COUNTY HOUSING AUTHORITY
KNOX COUNTY, INDIANA
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020
AND
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

KNOX COUNTY HOUSING AUTHORITY
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JUNE 30, 2020

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INTRODUCTION

***Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686***

Independent Auditor's Report

Board of Commissioners
Knox County Housing Authority
Knox County, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Knox County Housing Authority, Indiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Knox County Housing Authority, Indiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Knox County Housing Authority, Indiana, as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11 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 Knox County Housing Authority, Indiana's basic financial statements. The financial data schedule shown on pages 33 to 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

Management has not presented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2021, on our consideration of the Knox County Housing Authority, Indiana'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 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 the Knox County Housing Authority, Indiana's 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 Knox County Housing Authority, Indiana's internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PC

January 17, 2021

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Unaudited)

As management of the Knox County Housing Authority, we offer reviewers of this audit report this narrative discussion and analysis of the Knox County Housing Authority's financial activities for the fiscal year ended June 30, 2020. This discussion and analysis letter of the Knox County Housing Authority's financial performance should be read in conjunction with the auditor's opinion letter and the following financial statements.

The combined financial statements reflect all of the Housing Authority's federally funded programs and activities in one place. The Housing Authority reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for "business-type activities" – activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transaction has actually taken place.

FINANCIAL HIGHLIGHTS

The term "net position" refers to the difference between assets and liabilities. The Housing Authority's total net position as of June 30, 2020 was \$2,019,276. The net position increased by \$10,930, an increase of 0.5% over the prior fiscal year.

Revenues and contributions for the Housing Authority were \$1,724,180 for the year ended June 30, 2020. This was a decrease of \$167,776 or 8.8% from the prior fiscal year.

Expenses for the Housing Authority were \$1,713,250 for the year ended June 30, 2020. This was a decrease of \$131,731 or 7.1% from the prior fiscal year.

HUD operating grants were \$1,436,566 for the year ended June 30, 2020. This was a decrease of \$190,974 or 11.7% from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required Financial Statements

The *Statement of Net Position* includes the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Housing Authority creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Housing Authority.

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 Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

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

Notes to the Financial Statements

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

Supplemental Information

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

FUND STATEMENTS

The Financial Data Schedule reports the Housing Authority's operations in more detail. The Housing Authority reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)

FUND STATEMENTS (Continued)

Low Rent Public Housing Program: Under this program, the Housing Authority rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Authority to lease these units at a rate that is based on 30% of monthly adjusted income, or 10% of monthly income, or a \$50.00 monthly minimum rent, or a flat rent.

Capital Fund Program: Under this program, the Housing Authority is awarded funds each year to use for Capital needs. The Housing Authority also has the ability to use up to 100% of these funds, if need be, to supplement Operating Subsidies, since the Housing Authority is considered a "small" PHA. This program is the primary funding source for physical improvements to its properties.

Section 8 Housing Choice Voucher Program: Under this program, the Housing Authority administers contracts with independent landlords to provide housing for low-income households. These units are not owned by the Housing Authority. The Housing Authority subsidizes the family's rent via a "Housing Assistance Payment" made directly to the landlord. HUD provides subsidy to the Housing Authority to enable the Housing Authority to set the rental rates at 30% to 40% of a participant's income.

State/Local Program: The Neighborhood Stabilization Program (NSP) the City of Bicknell participated in back in 2010-2012. The City received grant funding and worked with IHEDA out of Indianapolis to build new houses throughout the City and then sell them to qualified buyers. The City had to meet a deadline to sell the houses once they were finished. The City of Bicknell was able to sell all the houses built except one. The City of Bicknell deeded the unsold house to Knox County Housing Authority.

Business Activities: The Housing Authority in a prior year bought a property and then sold it to Sharon Denny. Ms. Denny makes monthly house payments to the Housing Authority.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the following table, assets exceeded liabilities by \$2,019,276 at the close of the year ended June 30, 2020 an increase from \$2,008,346 in the year ended June 30, 2019.

The unrestricted net position was \$219,468 as of June 30, 2020, which can be used to meet the Housing Authority's ongoing obligations. The Housing Authority had net position classified as restricted of \$39,623. At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position.

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)

FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENTS OF NET POSITION

	06/30/20	06/30/19	Dollar Change
Current and other assets	\$ 456,489	\$ 335,281	\$ 121,208
Capital assets, net	1,760,185	1,835,457	(75,272)
Deferred outflow of resources	23,141	41,999	(18,858)
Total Assets	<u>2,239,815</u>	<u>2,212,737</u>	<u>27,078</u>
Current liabilities	78,962	51,341	27,621
Non current liabilities	115,172	123,124	(7,952)
Deferred inflow of resources	26,405	29,926	(3,521)
Total Liabilities	<u>220,539</u>	<u>204,391</u>	<u>16,148</u>
Net Position:			
Net Investment in capital assets	1,760,185	1,835,457	(75,272)
Restricted net position	39,623	50,786	(11,163)
Unrestricted net position	<u>219,468</u>	<u>122,103</u>	<u>97,365</u>
Total Net Position	<u>\$ 2,019,276</u>	<u>\$ 2,008,346</u>	<u>\$ 10,930</u>

Total current assets increase of \$121,208 was due, in large part, to an increase in cash flows of \$95,299.

Current liabilities increased by \$27,621, in large part, due to accrued wages and payroll taxes payables increasing by \$1,157, accrued compensated absences increasing by \$1,138, and unearned revenue increasing \$31,989 offset by accrued liabilities-other decreasing by \$(7,528).

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

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

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)

FINANCIAL ANALYSIS (Continued)

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

	<u>06/30/20</u>	<u>06/30/19</u>	<u>Dollar Change</u>
Revenues and contributions			
Operating, non operating, capital contributions:			
Tenant revenue	\$ 269,199	\$ 240,370	\$ 28,829
Tenant revenue – other	2,638	21,576	(18,938)
Total Tenant revenue	<u>271,837</u>	<u>261,946</u>	9,891
HUD operating grants	1,436,566	1,627,540	(190,974)
Fraud recovery	300	0	300
Investment income	1,053	495	558
Other revenue	16,860	10,223	6,637
Loss on sale of assets	<u>(2,436)</u>	<u>(8,248)</u>	<u>5,812</u>
Total Revenues and Contributions	<u>1,724,180</u>	<u>1,891,956</u>	<u>(167,776)</u>
Expenses			
Personnel services	266,289	278,073	(11,784)
Tenant services	2,842	170	2,672
Utilities	160,302	154,096	6,206
Maintenance	47,581	80,033	(32,452)
Insurance	52,070	61,362	(9,292)
General expenses	75,984	71,654	4,330
Housing Assistance Payments	1,027,341	1,111,237	(83,896)
Depreciation	<u>80,841</u>	<u>88,356</u>	<u>(7,515)</u>
Total Expenses	<u>1,713,250</u>	<u>1,844,981</u>	<u>(131,731)</u>
Change in net position	10,930	46,975	(36,045)
Beginning net position	<u>2,008,346</u>	<u>1,961,371</u>	46,975
Ending position	<u>\$ 2,019,276</u>	<u>\$ 2,008,346</u>	<u>\$ 10,930</u>

Revenues:

As can be seen in the above table total revenues and contributions decreased by \$167,776 in large part, due to operating grants decreasing by \$190,974 offset by increasing tenant revenues of \$9,891 and other revenue of \$6,637.

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)

FINANCIAL ANALYSIS (Continued)

Knox County Housing Authority's primary revenue sources are subsidies and grants received by HUD. Please note that Capital Fund Program grants are classified as either soft cost revenue or hard cost revenue. The Housing Authority classified 100% of capital funds grants as soft costs. For the year ending June 30, 2020, revenue generated by the Housing Authority accounted for \$271,837 (or 15.7% of total revenue), while HUD contributions accounted for \$1,436,566 (or 83.3% of total revenue).

Expenses:

Total expenses for the year ending June 30, 2020 were \$1,713,250 while for the year ending June 30, 2019 the expenses were \$1,844,981. This represents a 7.1% decrease in our operating costs.

The following represents changes in Federal Assistance received:

	<u>06/30/20</u>	<u>06/30/19</u>	<u>Dollar Change</u>
Public Housing Operating Subsidy	\$ 152,902	\$ 139,506	\$ 13,396
Capital Fund Program	153,533	280,729	(127,196)
Housing Choice Vouchers	1,120,482	1,207,305	(86,823)
HCV CARES Act Funding	2,477	0	2,477
Public Housing CARES Act	7,172	0	7,172
Total	<u>\$ 1,436,566</u>	<u>\$ 1,627,540</u>	<u>\$ (190,974)</u>

The above chart is segregated as to the Program source of funds, not the use of funds. The subsidy for Public Housing increased mainly due to HUD increasing its funding formula amount for the Housing Authority. The decrease in the Capital Fund Program was due to the CFP grant received this fiscal year was for one year versus the prior year more than one year was received. The decrease in the Housing Choice Voucher program can be due to a number of factors such as the number of vouchers being leased being one of the main reasons.

Budget Analysis:

A Low Rent Public Housing Operating Budget for the fiscal year ending June 30, 2020 was presented to and approved by the Board of Commissioners. Actual results were in line with the budgeted amounts.

**Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)**

OPERATIONAL HIGHLIGHTS

The Knox County Housing Authority provided the following housing for low-income individuals and families:

	06/30/20	06/30/19
Low Rent Public Housing Program	74	74
Section 8 Housing Choice Voucher Program	238	238

The Housing Authority had a lease up rate of 96.1% in the Low Rent program for the fiscal year.

CAPITAL ASSETS

The Knox County Housing Authority's investment in capital assets, as of June 30, 2020 amounts to \$1,760,185 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. See additional details at Note C.

**CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
June 30,**

	2020	2019	Dollar Change
Land	\$ 1,007,173	\$ 1,007,173	\$ 0
Buildings	3,661,960	3,675,566	(13,606)
Furniture, equipment and machinery			
- dwellings	153,370	159,351	(5,981)
Furniture, equipment and machinery			
- administration	205,016	201,536	3,480
	5,027,519	5,043,626	(16,107)
Accumulated depreciation	(3,267,334)	(3,208,169)	(59,165)
Total	\$ 1,760,185	\$ 1,835,457	\$ (75,272)

Capital assets decreased by \$(75,272) because of the capital outlays of \$3,480, depreciation expense of \$(80,841), and disposal of assets of \$2,089.

The Housing Authority used capital funds for ongoing operations during the fiscal year.

Capital projects planned for the next year include the following:

The planned capital expenditures for the next year include ongoing operations.

Knox County Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2020
(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Authority is affected more by the Federal Budget than by local economic conditions. The funding of programs could be significantly affected by the Federal Budget.

Although the Housing Authority remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that we are both financially and operationally in a strong position to continue to provide safe, sanitary, and decent housing to our residents.

We know of no other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or results of operations (revenues, expenses, and other changes).

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Kelly Roth, Executive Director
Knox County Housing Authority
11 Powell Street
Bicknell, Indiana 47512

FINANCIAL STATEMENTS

Knox County Housing Authority
Statement of Net Position
June 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$ 393,921
Accounts receivable, net	3,978
Prepaid expenses	41,642
Investments- restricted	12,000
Inventories, net	4,948
Total Current Assets	456,489

Capital Assets:

Land	1,007,173
Buildings	3,661,960
Equipment	358,386
	5,027,519
Less: accumulated depreciation	(3,267,334)
Net Capital Assets	1,760,185

Deferred Outflow of Resources	23,141
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Total Assets	\$ 2,239,815
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LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 5,352
Accrued expenses	11,050
Tenant security deposit liability	21,290
Unearned revenue	41,270
Total Current Liabilities	78,962

Non-Current Liabilities:

Accrued compensated absences	817
Accrued Pension	114,355
	115,172

Total Non-Current Liabilities	115,172
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Deferred Inflow of Resources	26,405
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Total Liabilities	220,539
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Net Position:

Net investment in capital assets	1,760,185
Restricted net position	39,623
Unrestricted net position	219,468
Total Net Position	2,019,276

Total Liabilities and Net Position	\$ 2,239,815
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See notes to financial statements

Knox County Housing Authority
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended June 30, 2020

OPERATING REVENUES:

Dwelling rent	\$ 271,837
Operating grants	1,436,566
	1,708,403

OPERATING EXPENSES:

Administrative	231,780
Tenant services	10,153
Utilities	160,302
Maintenance	134,601
Insurance	52,070
General expenses	16,162
Housing assistance payments	1,027,341
Depreciation	80,841
	1,713,250
Total operating expenses	1,713,250
Operating income (loss)	(4,847)

NONOPERATING REVENUES (EXPENSES):

Investment interest income - Unrestricted	1,053
Fraud recovery	300
Other revenue	16,860
Loss on sale of assets	(2,436)
	15,777
Total non operating revenues	15,777
Change in net position	10,930
Net Position, beginning	2,008,346
Net Position, ending	\$ 2,019,276

See notes to financial statements

Knox County Housing Authority
Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and non dwelling rents	\$ 304,997
Cash received from operating grants	1,436,566
Cash payments to other suppliers of goods and services	(1,400,459)
Cash payments to employees for services	<u>(256,609)</u>
Net cash provided by operating activities	<u>84,495</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Fraud recovery	300
Tenant security deposits	<u>613</u>
Net cash provided by noncapital financing activities	<u>913</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING

Payments for capital acquisitions	(5,569)
Loss on sale of assets	<u>(2,436)</u>
Net cash (used) by capital and related financing activities	<u>(8,005)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Other revenue	16,860
Receipts of interest income - unrestricted	1,053
Receipts of accrued interest receivable	<u>(17)</u>
Net cash provided by investing activities	<u>17,896</u>

Net increase (decrease) in cash	95,299
Cash and cash equivalents, beginning	<u>298,622</u>
Cash and cash equivalents, ending	<u><u>\$ 393,921</u></u>

See notes to financial statements

Knox County Housing Authority
Statement of Cash Flows (Continued)
Year Ended June 30, 2020

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

Operating income (loss)	\$	(4,847)
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		80,841
Allowance for doubtful accounts		(842)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		2,013
Inventories, net		(655)
Prepaid expenses		(26,408)
Deferred outflow of resources		18,858
Increase (decrease) in liabilities:		
Accounts payable-trade		252
Accrued wages/payroll taxes payable		1,157
Accrued compensated absences		106
Accrued liabilities - other		(7,528)
Unearned revenue		31,989
Deferred inflow of resources		(3,521)
Accrued pension		(6,920)
		(6,920)
Net cash provided by operating activities	\$	84,495

See notes to financial statements

Knox County Housing Authority
Notes to Financial Statements
June 30, 2020

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Knox County Housing Authority (“KCHA” or “Housing Authority”) is an independent municipal entity created by Knox County pursuant to Indiana state law and the National Housing Act of 1937. Although the Housing Authority maintains close ties with the County in several respects, the Housing Authority is not a component unit of the County, as defined by the Governmental Accounting Standards Board, since the County is not financially accountable for the operations of the Housing Authority, and has no responsibility to fund its deficits or receive its surpluses. The Housing Authority operates under a Board of Commissioner form of government to provide safe and decent housing for eligible low and moderate income families and elderly individuals. The Board is comprised of seven members, all County residents. The Board appoints an Executive Director who acts as the Secretary of the Housing Authority.

1. Reporting Entity

The Housing Authority’s financial statements include the accounts of all of the Housing Authority’s operations. The Housing Authority maintains its accounting records by program and operates the following programs:

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 74 federal public housing units through this program.

Public Housing Capital Fund

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

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Section 8 Housing Choice Vouchers

HUD provides grants to the Housing Authority to subsidize rents paid by low income families and issued vouchers affording them choices in renting from private landlords. The Housing Authority subsidizes the landlord for the differences between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard. This program provided rental assistance to approximately 238 families and individuals this year.

CARES Act Funding

HUD provided funding to help low income families during the coronavirus pandemic. This funding can be used by the Housing Authority to help families prevent, prepare for and respond to the coronavirus.

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government. For the most part, interfund activity has been eliminated in the preparation of these statements.

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

3. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Basis of Accounting (Continued)

Housing Authority are charges to customers for rents. 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.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

If/when, both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

6. Budgets and Budgetary Accounting

The Housing Authority adopts a formal operating budget each year for its operating programs and on a project-length basis for its capital expenditures, which are approved by the board of Commissioners and submitted to the U.S. Department of Housing and Urban Development for their approval, if required.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts. The cash equivalents are recorded at cost, which approximates market.

8. Tenant Accounts Receivable and Allowance for Bad Debts

Accounts receivable have been adjusted for all known uncollectible accounts.

9. Prepaid Expenses

Prepaid expenditures, such as insurance premiums and deferred costs, which are expected to be written off within the next fiscal year, are included in net current assets.

10. 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.

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended June 30, 2020, there were inter-program receivables and payables of \$4,732, and there was \$153,547 in operating transfers.

11. 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.

12. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$500 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15	-	40 years
Equipment	5	-	10 years

Land and land improvements include approximately \$1,007,173 of capitalized land that is not subject to depreciation.

13. Income Taxes

The Housing Authority is a quasi-governmental entity. The Housing Authority is not subject to Federal or State income taxes.

14. 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 assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will, when applicable, report separate sections for deferred outflows or resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources* a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

16. 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.

17. 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.

18. Unearned Revenue

The Housing Authority reports unearned revenue in connection with resources that have been received, but not yet earned.

19. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. Net Position

Net positions are comprised of three categories (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The Housing Authority's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Housing Authority's policy is to first apply restricted resources. Each component of net position is reported separately on the statement of net position.

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

21. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including January 17, 2021, which is the date the financial statements were available to be issued.

NOTE B: CASH AND CASH EQUIVALENTS

Indiana Code authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Indiana. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Indiana or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Indiana.

NOTE B: CASH AND CASH EQUIVALENTS (CONTINUED)

The Housing Authority has designated one bank for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of the following:

Cash – operations	\$ 393,921
Total	<u>\$ 393,921</u>

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of June 30, 2020:

Bank deposits (checking, savings, and treasury obligation accounts)	\$ 393,721
Petty cash	<u>200</u>
Total	<u>\$ 393,921</u>

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. At year end, the Housing Authority had no bank deposits that were uninsured and uncollateralized.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Balance 06/30/19</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 06/30/20</u>
Low Rent Program				
Land	\$ 1,002,773	\$ 0	\$ 0	\$ 1,002,773
Buildings	3,602,966	0	(13,606)	3,589,360
Furniture, equipment & machinery - dwellings	159,351	0	(5,981)	153,370
Furniture, equipment & machinery - administration	193,551	3,480	0	197,031
	<u>4,958,641</u>	<u>\$ 3,480</u>	<u>\$ (19,587)</u>	<u>4,942,534</u>
Less accumulated depreciation	<u>(3,190,958)</u>	<u>\$ (79,026)</u>	<u>\$ 21,676</u>	<u>(3,248,308)</u>
Total	<u>\$ 1,767,683</u>			<u>\$ 1,694,226</u>

NOTE C: CAPITAL ASSETS (CONTINUED)

	<u>Balance 06/30/19</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 06/30/20</u>
Housing Choice Voucher Program				
Furniture, equipment & machinery - administration	\$ 7,985	\$ 0	\$ 0	\$ 7,985
	<u>7,985</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>7,985</u>
Less accumulated depreciation	<u>(7,985)</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>(7,985)</u>
Total	<u>\$ 0</u>			<u>\$ 0</u>
 State and Local				
Land	\$ 4,400	\$ 0	\$ 0	\$ 4,400
Buildings	<u>72,600</u>	<u>0</u>	<u>0</u>	<u>72,600</u>
	<u>77,000</u>	<u>0</u>	<u>0</u>	<u>77,000</u>
Less accumulated depreciation	<u>(9,226)</u>	<u>\$ (1,815)</u>	<u>\$ 0</u>	<u>(11,041)</u>
Total	<u>\$ 67,774</u>			<u>\$ 65,959</u>
Combined Totals				<u>\$ 1,760,185</u>

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities:	
Low Rent Program	\$ 79,026
Housing Choice Voucher Program	<u>1,815</u>
	<u>\$ 80,841</u>

NOTE D: NON-CURRENT LIABILITIES

As of June 30, 2020, the non-current liabilities are comprised of the following:

Accrued compensated absences- noncurrent portion	\$ 817
Accrued pension	114,355
	<u>\$ 115,172</u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2020:

	<u>Balance 06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/20</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 1,849	\$ 0	\$ (1,032)	\$ 817	\$ 4,610
Accrued pension	121,275	0	(6,920)	114,355	0
	<u>\$ 123,124</u>	<u>\$ 0</u>	<u>\$ (7,952)</u>	<u>\$ 115,172</u>	<u>\$ 4,610</u>

NOTE E: COMMITMENTS AND CONTINGENCIES

Commitments – Construction

At June 30, 2020, the Housing Authority had the following capital fund grants:

	<u>IN36P067501-19</u>	<u>IN36P067501-20</u>
Funds Approved	\$ 143,862	\$ 152,815
Funds Expended	(143,862)	(152,815)
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 0</u>
Funds Advanced (HUD Grants)	\$ 143,862	\$ 152,815
Funds Expended	(143,862)	(152,815)
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>

The audited costs for 2019 and 2020 agree with the costs shown on the Form HUD-53001.

Contingencies

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

NOTE F: RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Authority carries commercial insurance coverage to cover this risk. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE G: PENSION PLAN

Description of Pension Plan

The Knox County Housing Authority (Housing Authority) participates in a cost-sharing multiple-employer pension plan (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 System (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 www.in.gov/inprs/annualreports.htm.

Members include officers and employees of 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.

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 entitled to 100% of the benefits described above.

The employer funded monthly pension benefits for members in pay status are increased periodically to preserve purchasing power that is diminished due to inflation. Such increases are not guaranteed by Statue and will only be provided by legislative action. A "13th check" was paid to each member in pay status during fiscal year 2018, 2019, 2020, and 2021. The amount of the 13th check varied based on years the of creditable service the member had earned prior to retirement.

NOTE G: PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

Legislation passed in the 2018 legislative session creates a funding mechanism to provide for future benefit increases or 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.

Contributions

Each member is required to contribute to an Annuity Savings Account at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest based on the investment elections of each member until such time as they are withdrawn or annuitized by the member. The Annuity Savings Account benefit is in addition to the annuity benefits provided by employer contributions. During FYE 2018, the Annuity Savings Accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

Employer Allocations

Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. The basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined.

At June 30, 2019, the Authority's proportionate share was 0.00346%.

Net Pension Liability

At June 30, 2019, the Authority reported a liability of \$114,355. The proportionate share of the liability as of June 30, 2018 was \$121,275.

NOTE G: PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019. Key methods and assumptions used in calculating the total pension liability are presented below:

Inflation	2.25% per year
Investment Return	6.75% per year, compounded annually (net of administrative and investment expenses)
Cost of Living Increases	In lieu of a COLA on January 1, 2020 and January 1, 2021, members in pay were provided a 13 th check on October 1, 2019 and October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Salary Increases	

Age	Inflation	Productivity, Merit, and Promotion	Total Salary Growth
< 31	2.25%	2.00%	4.25%
31-45	2.25%	1.50%	3.75%
46-55	2.25%	1.00%	3.25%
56-60	2.25%	0.50%	2.75%
>=61	2.25%	0.25%	2.50%

Mortality Assumptions

The mortality assumption includes an appropriate level of conservatism that reflects expected future mortality improvement.

a. Healthy 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.

b. Disabled mortality RP-2014 (with MP-2014 improvement removed) Disability 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.

Discount Rate

The discount rate used for these disclosures is the assumed return on assets of 6.75%. The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. There was no change in the discount rate from the prior measurement date.

NOTE G: PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of 11.2% (the current contribution rate) or a rate equal to the actuarially determined contribution rate, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations and projected covered member payroll.

The June 30, 2019 actuarial valuation assumes a long-term rate of return on assets of 6.75%, a 20-year level dollar closed method for amortizing the future layers of unfunded actuarial accrued liability (30 years for amortization layers established prior to June 30, 2016), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.

In the past several years, the Board has followed its current funding policy and the State has complied in its contributions to the plan. Therefore, if past practice is continued, the appropriations will be sufficient to fully fund the plan within 20 to 30 years. In the past, deterministic projections have shown the actuarially determined contribution rate to reach a peak of 10.9% which is slightly below the current rate. As a result, it is presumed that the projected plan assets will be sufficient to cover the future benefit payments for current members and a detailed projection of plan assets and cash flows has not been prepared.

Sensitivity of the 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%, as well as what the Authority's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$183,656	\$114,355	\$56,553

Pension Expense

For the year ended June 30, 2019, the Housing Authority recognized pension expense of \$26,238, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$ 3,028	\$ 0
Net differences between projected and actual	0	5,405
Change of assumptions	25	12,431
Changes in proportion and differences between	1,497	8,569
Total	\$ 4,550	\$ 26,405

NOTE G: PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in the following years:

Amortization of net deferred outflows/(inflows) of resources – debit/(credit)	
2020	\$ (6,867)
2021	(11,942)
2022	(2,626)
2023	(420)
2024	0
Thereafter	0
Total	\$ (21,855)

The information presented above has not been audited.

OTHER INFORMATION

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731 S. Garfield Avenue
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Independent Accountant’s Report on Applying Agree-Upon Procedure

To the Board of Commissioners
Knox County Housing Authority

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Knox County Housing Authority (the “Authority”) and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and the U.S. Department of Housing and Urban Development, PIH-REAC. 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 compared the electronic submission of the items listed in the “UFRS Rule information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with 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 the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the “UFRS Rule Information” column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Knox County Housing Authority as of and for the year ended June 30, 2020, and have issued our reports thereon dated January 17, 2021. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated January 17, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

Independent Accountant's Report on Applying Agreed-Upon Procedure

Page Two

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor's reports, is available in its entirety from the Knox County Housing 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, PIH-REAC.

The purpose of this report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Barry E. Gaudette, CPA, PC

January 17, 2021

ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Business Sheet, Revenue and Expense and Cash Flow Data	Financial Data Templates (i.e. the Financial Data Schedule)	X	
2	Footnotes	Footnotes to Audited Basic Financial Statements	X	
3	Type of Opinion on the Financial Statements and Compliance	Auditor's Reports on the Financial Statements and Compliance	X	
4	Type of Opinion on Financial Data Templates	Auditor's Supplemental Report on Financial Data Templates	X	

**Knox County Housing Authority
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended June 30, 2020**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor	Type	Federal CFDA #	Expenditures
<u>U.S. Department of HUD</u>			
Housing Voucher Cluster			
Section 8 Housing Choice Voucher Program	A- Major	14.871	\$ 1,120,482
Public and Indian Housing:			
Public Housing Program	B –Nonmajor	14.850	152,902
Public Housing Capital Fund	B –Nonmajor	14.872	153,533
HCV CARES Act Funding	B- Nonmajor	14.HCC	2,477
Public Housing CARES Act Funding	B- Nonmajor	14.PHC	<u>7,172</u>
Total Federal Financial Awards			<u>\$ 1,436,566</u>
Threshold for Type A/Type B Program			<u>\$ 750,000</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended June 30, 2020. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the Housing Authority.

Indirect Cost Rate - - The Authority did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Knox County Housing Authority
Financial Data Schedule
Year Ended June 30, 2020

FDS Line Item No.		Low Rent Program 14.850	Housing Choice Vouchers 14.871	Public Housing CARES Act Funding 14.PHC
	ASSETS			
	Current assets:			
111	Cash-unrestricted	\$ 265,406	\$ 29,368	\$ 0
113	Cash-other restricted	0	27,623	13,171
114	Cash-tenant security deposits	20,990	0	0
100	Total cash	<u>286,396</u>	<u>56,991</u>	<u>13,171</u>
	Receivables:			
126	A/R-tenants-dwelling rents	4,393	0	0
126.1	Allowance for doubtful accounts	(439)	0	0
129	Accrued interest receivable	24	0	0
120	Total receivables, net	<u>3,978</u>	<u>0</u>	<u>0</u>
	Other Current Assets:			
132	Investments- restricted	12,000	0	0
142	Prepaid expenses	38,827	2,815	0
143	Inventories	5,101	0	0
143.1	Allowance for obsolete inventories	(153)	0	0
144	Inter Program Due From	4,732	0	0
	Total other current assets	<u>60,507</u>	<u>2,815</u>	<u>0</u>
150	Total current assets	<u>350,881</u>	<u>59,806</u>	<u>13,171</u>
	Noncurrent Assets:			
	Fixed Assets:			
161	Land	1,002,773	0	0
162	Buildings	3,589,360	0	0
163	Furn, equip & mach-dwelling	153,370	0	0
164	Furn, equip & mach-admin	197,031	7,985	0
166	Accumulated depreciation	(3,248,308)	(7,985)	0
160	Total fixed assets, net	<u>1,694,226</u>	<u>0</u>	<u>0</u>
180	Total non-current assets	<u>1,694,226</u>	<u>0</u>	<u>0</u>
200	Deferred outflow of resources	<u>15,030</u>	<u>8,111</u>	<u>0</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 2,060,137</u>	<u>\$ 67,917</u>	<u>\$ 13,171</u>

HCV CARES Act Funding 14.HCC	2 State/Local	1 Business Activities	Subtotal	Elimination	Total
\$ 0	\$ 3,289	\$ 13,947	\$ 312,010	\$ 0	\$ 312,010
19,827	0	0	60,621	0	60,621
0	300	0	21,290	0	21,290
<u>19,827</u>	<u>3,589</u>	<u>13,947</u>	<u>393,921</u>	<u>0</u>	<u>393,921</u>
0	0	0	4,393	0	4,393
0	0	0	(439)	0	(439)
0	0	0	24	0	24
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,978</u>	<u>0</u>	<u>3,978</u>
0	0	0	12,000	0	12,000
0	0	0	41,642	0	41,642
0	0	0	5,101	0	5,101
0	0	0	(153)	0	(153)
0	0	0	4,732	(4,732)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>63,322</u>	<u>(4,732)</u>	<u>58,590</u>
<u>19,827</u>	<u>3,589</u>	<u>13,947</u>	<u>461,221</u>	<u>(4,732)</u>	<u>456,489</u>
0	4,400	0	1,007,173	0	1,007,173
0	72,600	0	3,661,960	0	3,661,960
0	0	0	153,370	0	153,370
0	0	0	205,016	0	205,016
0	(11,041)	0	(3,267,334)	0	(3,267,334)
<u>0</u>	<u>65,959</u>	<u>0</u>	<u>1,760,185</u>	<u>0</u>	<u>1,760,185</u>
<u>0</u>	<u>65,959</u>	<u>0</u>	<u>1,760,185</u>	<u>0</u>	<u>1,760,185</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>23,141</u>	<u>0</u>	<u>23,141</u>
<u>\$ 19,827</u>	<u>\$ 69,548</u>	<u>\$ 13,947</u>	<u>\$ 2,244,547</u>	<u>\$ (4,732)</u>	<u>\$ 2,239,815</u>

Knox County Housing Authority
Financial Data Schedule
(Continued)
Year Ended June 30, 2020

FDS Line Item No.	Low Rent Program 14.850	Housing Choice Vouchers 14.871	Public Housing CARES Act Funding 14.PHC
	LIABILITIES and NET POSITION		
	Current liabilities:		
312	\$ 5,352	\$ 0	\$ 0
321	2,872	0	0
322	4,610	0	0
341	20,990	0	0
342	2,781	5,491	13,171
346	3,568	0	0
347	0	0	0
310	<u>40,173</u>	<u>5,491</u>	<u>13,171</u>
	Non-current liabilities:		
354	817	0	0
357	74,274	40,081	0
350	<u>75,091</u>	<u>40,081</u>	<u>0</u>
300	<u>115,264</u>	<u>45,572</u>	<u>13,171</u>
400	<u>17,150</u>	<u>9,255</u>	
	Net Position:		
508.4	1,694,226	0	0
511.4	12,000	27,623	0
512.4	<u>221,497</u>	<u>(14,533)</u>	<u>0</u>
513	<u>1,927,723</u>	<u>13,090</u>	<u>0</u>
600	<u>\$ 2,060,137</u>	<u>\$ 67,917</u>	<u>\$ 13,171</u>

HCV CARES Act Funding 14.HCC	2 State/Local	1 Business Activities	Subtotal	Elimination	Total
\$ 0	\$ 0	\$ 0	\$ 5,352	\$ 0	\$ 5,352
0	0	0	2,872	0	2,872
0	0	0	4,610	0	4,610
0	300	0	21,290	0	21,290
19,827	0	0	41,270	0	41,270
0	0	0	3,568	0	3,568
0	4,732	0	4,732	(4,732)	0
<u>19,827</u>	<u>5,032</u>	<u>0</u>	<u>83,694</u>	<u>(4,732)</u>	<u>78,962</u>
0	0	0	817	0	817
0	0	0	114,355	0	114,355
<u>0</u>	<u>0</u>	<u>0</u>	<u>115,172</u>	<u>0</u>	<u>115,172</u>
<u>19,827</u>	<u>5,032</u>	<u>0</u>	<u>198,866</u>	<u>(4,732)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>26,405</u>	<u>0</u>	<u>26,405</u>
0	65,959	0	1,760,185	0	1,760,185
0	0	0	39,623	0	39,623
0	(1,443)	13,947	219,468	0	219,468
<u>0</u>	<u>64,516</u>	<u>13,947</u>	<u>2,019,276</u>	<u>0</u>	<u>2,019,276</u>
<u>\$ 19,827</u>	<u>\$ 69,548</u>	<u>\$ 13,947</u>	<u>\$ 2,244,547</u>	<u>\$ (4,732)</u>	<u>\$ 2,239,815</u>

Knox County Housing Authority
Financial Data Schedule
(Continued)
Year Ended June 30, 2020

FDS Line Item No.		Low Rent Program 14.850	Housing Choice Vouchers 14.871	Public Housing CARES Act Funding 14.PHC
Revenues				
70300	Net tenant rental revenue	\$ 259,299	\$ 0	\$ 0
70400	Tenant revenue-other	2,638	0	0
70500	Total tenant revenue	261,937	0	0
70600	HUD PHA operating grants	306,435	1,120,482	7,172
71100	Investment income – unrestricted	1,014	0	0
71400	Fraud recovery	0	300	0
71500	Other revenue	14,016	0	0
71600	Loss on sale of capital assets	(2,436)	0	0
70000	Total Revenue	<u>580,966</u>	<u>1,120,782</u>	<u>7,172</u>
Expenses				
Administrative:				
91100	Administrative salaries	82,032	35,744	0
91200	Auditing fees	3,475	3,475	0
91400	Advertising and marketing	251	9	0
91500	Employee benefit contributions	31,127	23,055	0
91600	Office expenses	21,967	11,881	0
91800	Travel	733	0	0
91900	Other	11,692	6,200	0
91000	Total operating-administrative	<u>151,277</u>	<u>80,364</u>	<u>0</u>
Tenant services:				
92100	Tenant services – salaries	0	0	5,534
92400	Tenant services – other	504	0	1,638
92500	Total tenant services	<u>504</u>	<u>0</u>	<u>7,172</u>
Utilities:				
93100	Water	51,344	0	0
93200	Electricity	69,976	0	0
93300	Gas	35,811	0	0
93000	Total utilities	<u>157,131</u>	<u>0</u>	<u>0</u>
Ordinary maintenance and operations:				
94100	Labor	63,172	0	0
94200	Materials and other	14,398	0	0
94300	Contracts	31,863	0	0
94500	Employee benefit contributions	23,848	0	0
94000	Total maintenance	<u>133,281</u>	<u>0</u>	<u>0</u>

HCV CARES Act Funding 14.HCC	2 State/Local	1 Business Activities	Subtotal	Elimination	Total
\$ 0	\$ 9,900	\$ 0	\$ 269,199	\$ 0	\$ 269,199
0	0	0	2,638	0	2,638
0	9,900	0	271,837	0	271,837
2,477	0	0	1,436,566	0	1,436,566
0	4	35	1,053	0	1,053
0	0	0	300	0	300
0	0	2,844	16,860	0	16,860
0	0	0	(2,436)	0	(2,436)
2,477	9,904	2,879	1,724,180	0	1,724,180
0	0	0	117,776	0	117,776
0	0	0	6,950	0	6,950
0	0	0	260	0	260
0	0	0	54,182	0	54,182
0	0	0	33,848	0	33,848
0	0	0	733	0	733
0	139	0	18,031	0	18,031
0	139	0	231,780	0	231,780
1,777	0	0	7,311	0	7,311
700	0	0	2,842	0	2,842
2,477	0	0	10,153	0	10,153
0	1,044	0	52,388	0	52,388
0	2,127	0	72,103	0	72,103
0	0	0	35,811	0	35,811
0	3,171	0	160,302	0	160,302
0	0	0	63,172	0	63,172
0	439	0	14,837	0	14,837
0	881	0	32,744	0	32,744
0	0	0	23,848	0	23,848
0	1,320	0	134,601	0	134,601

Knox County Housing Authority
Financial Data Schedule
(Continued)
Year Ended June 30, 2020

FDS Line Item No.	Low Rent Program 14.850	Housing Choice Vouchers 14.871	Public Housing CARES Act Funding 14.PHC
	Expenses (continued)		
	Insurance:		
96110	40,373	0	0
96120	2,637	1,322	0
96130	3,597	4,141	0
96100	<u>46,607</u>	<u>5,463</u>	<u>0</u>
	Other general expenses:		
96200	0	366	0
96210	5,286	0	0
96300	1,635	0	0
96400	8,860	0	0
96000	<u>15,781</u>	<u>366</u>	<u>0</u>
96900	<u>504,581</u>	<u>86,193</u>	<u>7,172</u>
97000	<u>76,385</u>	<u>1,034,589</u>	<u>0</u>
	Other Expenses:		
97300	0	1,027,341	0
97400	79,026	0	0
	<u>79,026</u>	<u>1,027,341</u>	<u>0</u>
90000	<u>583,607</u>	<u>1,113,534</u>	<u>7,172</u>
	Other Financing Sources (Uses):		
10010	153,547	0	0
10020	(153,533)	0	0
	<u>14</u>	<u>0</u>	<u>0</u>
10000	(2,627)	7,248	0
11030	1,930,350	5,842	0
	<u>\$ 1,927,723</u>	<u>\$ 13,090</u>	<u>\$ 0</u>
11170		\$ (14,533)	
11180		\$ 27,623	
11190	888	2,856	
11210	854	2,438	

HCV CARES Act Funding 14.HCC	2 State/Local	1 Business Activities	Subtotal	Elimination	Total
0	0	0	40,373	0	40,373
0	0	0	3,959	0	3,959
0	0	0	7,738	0	7,738
0	0	0	52,070	0	52,070
0	15	0	381	0	381
0	0	0	5,286	0	5,286
0	0	0	1,635	0	1,635
0	0	0	8,860	0	8,860
0	15	0	16,162	0	16,162
2,477	4,645	0	605,068	0	605,068
0	5,259	2,879	1,119,112	0	1,119,112
0	0	0	1,027,341	0	1,027,341
0	1,815	0	80,841	0	80,841
0	1,815	0	1,108,182	0	1,108,182
2,477	6,460	0	1,713,250	0	1,713,250
0	0	0	153,547	(153,547)	0
0	0	(14)	(153,547)	153,547	0
0	0	(14)	0	0	0
0	3,444	2,865	10,930	0	10,930
0	61,072	11,082	2,008,346	0	2,008,346
\$ 0	\$ 64,516	\$ 13,947	\$ 2,019,276	\$ 0	\$ 2,019,276

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

*Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686*

**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***

To the Board of Housing Commissioners
Knox County Housing Authority
Knox County, 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 of the Knox County Housing Authority, Indiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Knox County Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated January 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Knox County Housing Authority, Indiana'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 Knox County Housing Authority, Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Knox County Housing Authority, Indiana's internal control.

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

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Knox County Housing Authority, Indiana'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barry E. Gaudette, CPA, PC

January 17, 2021

*Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686*

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Housing Commissioners
Knox County Housing Authority
Knox County, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Knox County Housing Authority, Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Knox County Housing Authority, Indiana's major federal programs for the year ended June 30, 2020. Knox County Housing Authority, Indiana'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 Knox County Housing Authority, Indiana'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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Knox County Housing Authority, Indiana'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 Knox County Housing Authority, Indiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Knox County Housing Authority, Indiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Knox County Housing Authority, Indiana, 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 Knox County Housing Authority, Indiana'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 Knox County Housing Authority, Indiana'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.

Barry E. Gaudette, CPA, PC

January 17, 2021

**Knox County Housing Authority
Status of Prior Audit Findings
June 30, 2020**

There were no prior year findings.

Knox County Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

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

Any audit findings disclosed that are required to be reported in accordance with *Audit Requirements for Federal Awards* (Uniform Guidance)? No

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
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14.871	Housing Choice Vouchers Program
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Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

Section II - Findings Related to the Financial Statements

There were no findings which are required to be reported under *Government Auditing Standards*.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs.