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March 29, 2021

Board of Commissioners
Housing Authority of the City of Decatur
7315 Hanna Street
Fort Wayne, IN 46816

We have reviewed the audit report of the Housing Authority of the City of Decatur, which was opined upon by Velma Butler & Company, Ltd., Independent Public Accountants, 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 Housing Authority of the City of Decatur, 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, Velma Butler & Company, Ltd., prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF DECATUR

**INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020,
INCLUDING SUMMARY OF AUDITORS' RESULTS**

VELMA BUTLER & COMPANY, LTD.
Certified Public Accountants and Consultants



HOUSING AUTHORITY OF THE CITY OF DECATUR (DHA)

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Decatur
Fort Wayne, IN 46816

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 of 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 of 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 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 Authority, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 through 8 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 for forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanied financial data schedules and the other information are presented for purpose of additional analysis and are not a required part of the basic financial statements.

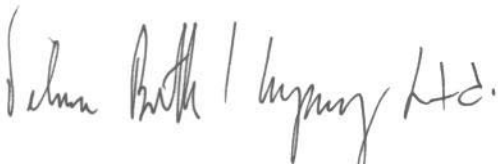
The accompanying supplementary information such as financial data schedules are the responsibility of management and was derived from the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 accompanying supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Summarized Comparative Information

We previously audited the Authority's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements dated January 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

February 24, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF DECATUR (DHA)
7315 Hanna Street
Fort Wayne, IN 46869
PHONE (260)267-9300 FAX (260) 267-9305

To the Board of Commissioners
Housing Authority of the City of Decatur
Fort Wayne, IN 46816

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Decatur, Indiana (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2020. The Management's discussion and analysis section includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. The 2019 comparative information provided in the MD&A comes from the prior-year audit report, performed by VB&C.

We are pleased to submit the financial statements of the Authority for the year ended June 30, 2020. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the basic financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

1. Assets were \$134,423 at June 30, 2020, an increase of \$56,930 from the June 30, 2019, balance of \$77,493. The significant increases occurred in cash.
1. Liabilities were \$30,864 at June 30, 2020, an increase of \$29,177 from the June 30, 2019, balance of \$1,687.
2. Net position was \$103,559 at June 30, 2020, with an increase of \$27,753 from prior year's balance of \$75,806.
3. Revenue was \$680,192 at June 30, 2020, an increase of \$57,582 from the June 30, 2019, balance of \$622,615. The increase was primarily due to additional HUD operating revenue.

4. Expenses were \$652,442 at June 30, 2020, an increase of \$43,997 from the June 30, 2019, balance of \$608,445. The increase was primarily due to an increase in HAP payments.

USING THIS REPORT

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information detailing how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as a single enterprise fund whose operations include the housing choice voucher program.

Fund Financial Statements are groupings of accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state, local, or quasi-governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's funds only consisted of a *Proprietary Fund*.

The Authority's *Proprietary Fund* is comprised of its enterprise fund with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services. Since the Authority maintains its activities in the enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Section 8 Housing Choice Vouchers - The Housing Choice Voucher is the federal government's programs for assisting low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The program is administered locally by public housing authorities (PHAs). The PHAs receive funds from HUD to administer the programs. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

Net position represents the difference between total assets and total liabilities.

Table 1
Decatur Housing Authority

	2020	2019	Change	Percent of Change
Current Assets	\$ 134,423	\$ 77,493	\$ 56,930	73.5%
Total Assets	\$ 134,423	\$ 77,493	\$ 56,930	73.5%
Current Liabilities	\$ 30,864	\$ 1,687	\$ 29,177	1729.5%
Total Liabilities	30,864	1,687	29,177	1729.5%
Invested in Capital Assets, Net	-	-	-	0.0%
Unrestricted	103,559	75,806	27,753	36.6%
Restricted	-	-	-	0.0%
Total Net Position	103,559	75,806	27,753	36.6%
Total Liab. and Net Position	\$ 134,423	\$ 77,493	\$ 56,930	73.5%

As shown in Table 1, the Authority's total net position at June 30, 2020 was \$134,423 representing an increase of 73.5 percent from the June 30, 2019 balance.

Revenues

Table 2 shows that the Authority's operating revenue increased by \$57,582 or 9.2 percent.

Table 2
Change in Decatur Housing Authority's Net Position

Description	2020	2019	Change	Percent of Change
Operating Revenue	\$ 680,192	\$ 622,610	\$ 57,582	9.2%
Non-Operating Revenue	3	5	(2)	-40.0%
Total Revenue	<u>680,195</u>	<u>622,615</u>	<u>57,580</u>	9.2%
Operating Expenses	<u>652,442</u>	<u>608,445</u>	<u>43,997</u>	7.2%
Total Expenses	<u>652,442</u>	<u>608,445</u>	<u>43,997</u>	7.2%
Change in Net Position	27,753	14,170	13,583	95.9%
Beginning Net Position	75,806	61,636	14,170	23.0%
Ending Net Position	<u>\$ 103,559</u>	<u>\$ 75,806</u>	<u>\$ 27,753</u>	36.6%

Expenses

Total expenses decreased by 7.2 percent, which was primarily a result of a decrease in administrative expenses. The changes are shown below in Table 3:

Table 3
Decatur Housing Authority's Operating Expenses

Description	2020	2019	Change	Percent of Change
Administrative Expenses	\$ 57,586	\$ 64,233	\$ (6,647)	-10.3%
Insurance	41	1,042	(1,001)	-96.1%
General Expenses	3,616	386	3,230	100.0%
Housing Assistance Payments	<u>591,199</u>	<u>542,784</u>	<u>48,415</u>	8.9%
Total Operating Expenses	<u>\$ 652,442</u>	<u>\$ 608,445</u>	<u>\$ 43,997</u>	7.2%

Budgetary Highlights

Management submits a proposed budget for revenues and expenses for the program based on functions, activities, or objectives for the following fiscal year. The budget is then given to the Board of Commissioners. The Commissioners approve and adopt the budget. Operating monies are determined by an estimate of housing assistance payments to landlords plus an administrative fee provided by HUD, as established by Congress. Most funding is dependent on the availability of federal funds.

MAJOR INITIATIVES

The Authority continues to seek opportunities to expand subsidized housing as funding is available and the projects are feasible.

The Authority's Strategic Goal includes the following:

1. Expanding the supply of affordable housing with our Instrumentality.
2. Improving the quality of existing affordable housing.
3. Promoting self-sufficiency through an increase of access to and/or creating programs.
4. Ensuring equal opportunity and affirmatively furthering fair housing.
5. Promote and support opportunities for homeownership.
6. Increase staff capacity and commit to further staff training.
7. To seek out potential sources of revenue in order to continue operations with less dependency on federal subsidy.

It will be the Authority's continued mission to promote affordable, safe, decent, sanitary housing in good repair, economic growth opportunity and a suitable living environment free from discrimination. The Authority will also seek to provide educational opportunities through collaborations and/or partnerships with other educational sources.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for its funding of operations; therefore, operating revenues are affected more by the Federal budget than by local economic conditions.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Housing Authority of the City of Decatur is managed and operated by employee from Fort Wayne Housing Authority, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Carolyn Nichter, Fiscal Services Director, Housing Authority of the City of Fort Wayne, 7315 Hanna St., Fort Wayne, IN 46869 or call (260) 267-9300.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF DECATUR
 STATEMENT OF NET POSITION
 JUNE 30, 2020 (WITH COMPARATIVE 2019 TOTALS)

EXHIBIT A

ENTERPRISE FUND		
	2020 TOTAL	2019 TOTAL
ASSETS		
Cash and Cash Equivalents	\$ 130,217	\$ 75,459
Accounts Receivable (net allowances)	3,309	1,108
Prepaid, Deposits and Escrows	898	926
TOTAL CURRENT ASSETS	<u>134,424</u>	<u>77,493</u>
TOTAL ASSETS	<u>\$ 134,424</u>	<u>\$ 77,493</u>
LIABILITIES AND NET POSITION		
Accounts Payable	\$ 13,875	\$ 1,482
Accrued Liabilities - Current	482	205
Deferred Revenue	16,508	
TOTAL CURRENT LIABILITIES	<u>30,865</u>	<u>1,687</u>
TOTAL LIABILITIES	<u>30,865</u>	<u>1,687</u>
Invested in Capital Assets	-	-
Unrestricted Net Position	103,559	75,806
Restricted Net Position	-	-
TOTAL NET POSITION	<u>103,559</u>	<u>75,806</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 134,424</u>	<u>\$ 77,493</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF DECATUR
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020 (COMPARATIVE 2019 TOTALS) EXHIBIT B

ENTERPRISE FUNDS

	2020	2019
	TOTAL	TOTAL

OPERATING REVENUES

HUD Operating Grants	\$ 674,543	\$ 616,193
Other Revenue	1,571	3,329
Fraud Recovery	4,078	3,088
TOTAL OPERATING REVENUES	<u>680,192</u>	<u>622,610</u>

OPERATING EXPENSES

Administrative	57,586	64,233
Insurance	41	1,042
General Expenses	3,616	386
HAP Payments	591,199	542,784
TOTAL OPERATING EXPENSES	<u>652,442</u>	<u>608,445</u>
OPERATING INCOME (LOSS)	<u>27,750</u>	<u>14,165</u>

NON-OPERATING REVENUES (EXPENSES)

Investment Income	<u>3</u>	<u>5</u>
TOTAL NON-OPERATING REVENUES	<u>3</u>	<u>5</u>

CHANGE IN NET POSITION	27,753	14,170
NET POSITION AT BEGINNING OF PERIOD	75,806	61,636
NET POSITION AT END OF PERIOD	<u>\$ 103,559</u>	<u>\$ 75,806</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF DECATUR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE 2019 TOTALS) EXHIBIT C

	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 680,192	\$ 622,610
Payments to Employees	(11,633)	(47,764)
Payments to Vendors and Suppliers	(613,804)	(558,559)
Net Cash Provided by Operating Activities	54,755	16,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	3	5
Net Cash (Used In) Provided by Investing Activities	3	5
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Net Cash (Used In) Provided by Capital and Related Activities	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	54,758	16,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	75,459	59,167
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	\$ 130,217	\$ 75,459
June 30 Cash and Cash Equivalents		
Unrestricted Cash and Cash Equivalents	\$ 75,459	\$ 75,459
Restricted Cash and Cash Equivalents - Current	0	0
Cash and Cash Equivalents at end of Fiscal Year	\$ 75,459	\$ 75,459
Reconciliation of Operating Loss to Net Cash (Used) / Provided by Operating Activities		
Operating Income/(Loss)	\$ 27,750	\$ 14,170
Adjustments To Reconcile		
Depreciation		
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(2,200)	1,611
(Increase)/Decrease in Prepaid Expenses and Deposits	28	(43)
Increase/(Decrease) in Accounts Payable	12,392	1,042
Increase/(Decrease) in Accrued Liabilities	277	(493)
Increase/(Decrease) in Deferrals	16,508	
Net Cash Provided by Operating Activities	\$ 54,755	\$ 16,287

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE CITY OF DECATUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

A. Organization and Program Description

The Housing Authority of the City of Decatur, Indiana (the Authority) was established by the City of Decatur pursuant to laws of the State of Indiana to transact business and to have powers as defined therein. The Authority was established to provide low income housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable Federal Agencies.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and to provide funds to assist the Public Housing Authorities (PHAs) in financing the acquisition, construction, and/or leasing of housing units; to make housing assistance payments; and to make annual contributions (subsidies) to PHAs for the purpose of maintaining the low rent character of the local housing program.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The Authority's Board elects its own chairperson and each member can only be removed for cause.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the various program activities of the Authority. The Authority's assets, liabilities and results of operations are segregated into grant programs as follows:

Section 8 Housing Choice Voucher Program - The Authority participates in the Housing Choice Voucher Program. This program is designed to provide privately owned, decent, safe and sanitary housing to low income families. The Authority provides assistance to low income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the program, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The Housing Choice Voucher program is reported as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF DECATUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

B. Reporting Entity

The reporting entity for the Authority includes its Enterprise Funds. The Authority is a separate governmental entity created for the purpose of providing rental assistance to low income and elderly persons. Most funding is provided by the United States Department of Housing and Urban Development (HUD). All funds and programs are included in these statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounts. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

Enterprise Funds - are accounted for on the flow of economic resources measurement focus and use the full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet. All funds are reported as enterprise funds and are grouped as follows:

1. Section 8 Program consists of HUD payment of rents for tenants in privately owned housing and fees to the housing authority for operating the program. An individual fund is used for the Housing Choice Voucher Program.

Management's 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash - Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less. Restricted assets include cash legally restricted as to their use. The primary restricted cash is related to the housing choice voucher program for future tenants rent payments.

Receivables - Receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible receivables are based on historical trends and periodic aging of receivables.

**HOUSING AUTHORITY OF THE CITY OF DECATUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Risk Management - The 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 Authority manages these various risks of loss with insurance coverage.

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

Capital Assets - Capital Assets consist of assets purchased or acquired at a cost of \$5,000 or greater. All capital assets are stated at historical costs or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets depreciated using straight-line method of depreciation over their estimated useful lives as follows:

Building	40 years
Building Improvements	7 - 40 years
Furniture, Fixtures, & Equipment	3 - 10 years

Compensated Absences - The Authority has no employees, and is managed by Fort Wayne Housing Authority. Thus there is not a documented policy regarding vacation and sick time.

Federal Awards - Federal grants for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Awards received prior to meeting revenue recognition criteria are recorded as deferred revenue. Operating grants are recorded as revenue in the year earned.

Operating Revenue & Expenses - 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 Authority are operating grants from HUD. 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 statement of revenues, expenses, and change in net position.

Fair Value - GASB Statement No. 72, Fair Value Measurement and Application, is effective for periods beginning after June 15, 2015 with earlier application encouraged. This Statement should improve financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures should be organized by type asset or liability reported at fair value. The Authority's

**HOUSING AUTHORITY OF THE CITY OF DECATUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

implementation as a result of this pronouncement did not have a material impact on the financial statements.

Net Position - Net position is comprised of three categories: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. Each component of net position is reported separately on the statement of net position. Net position includes the following:

(1) Investment in capital assets, net of related debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

(2) Restricted - the component of net position that reports the amount of revenue from a federal or state award for service programs in excess of expenditures. These funds are restricted for the use of the related federal or state program.

(3) Unrestricted - The difference between the assets and liabilities that is not reported in the net position invested in capital, net of related debt or net position restricted for federal and state programs.

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Concentration of Risk -During the year ended June 30, 2020, the Authority received approximately 99 percent of its funding from HUD.

Compliance - The Authority is subject to various federal, state and local laws and regulations and contractual regulations.

Note 2 - Budget Information

Enterprise Funds - The Authority prepares annual operating budgets for its enterprise funds receiving federal expenditure awards. The Fiscal Services Director prepares the operating budgets for the year for all program activities. Budgets are submitted by the Authority's Executive Director and approved by resolutions of the Board of Commissioners and/or HUD.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$130,217 at June 30, 2020, and are maintained in commercial checking accounts and are readily available. Amounts up to \$250,000 are fully insured by the Federal Deposit Insurance Corporation (FDIC). Cash amounts in excess of the \$250,000, not insured by the FDIC, are required to be collateralized by United States government securities and held in the pledging financial institutions' trust departments in the Authority's name, as required by HUD regulations. All amounts were fully insured by the FDIC.

**HOUSING AUTHORITY OF THE CITY OF DECATUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Of the cash and cash equivalents all is considered to be unrestricted.

Note 4 - Accounts Receivable

At June 30, 2020, accounts receivable totaled \$3,308, and consisted of funds due from HUD.

Note 5 - Prepaid Expenses

Prepaid expenses totaled \$898 at June 30, 2020, and consisted of primarily prepaid computer support cost.

Note 6 - Accounts Payable

Accounts payable totaled \$13,875, at June 30, 2020, which consisted of amounts due vendors.

Note 8 - Accrued Liabilities

Accrued liabilities totaled \$482, at June 30, 2020, and consisted of accrued compensation. Accrued compensation represents amounts owed to employees for management services.

Note 9 - Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions contract from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Housing Assistance programs. These fees are primarily paid to Fort Wayne Housing Authority for their management of the Authority's operations and finances.

Note 10 - Federal Financial Assistance

The Authority was awarded federal funds from HUD to operate the Section 8 Housing Choice Voucher Program. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended June 30, 2020, was as follows:

Federal Program Revenue	\$	674,543
Program Expenditures		<u>(652,442)</u>
Net Program Income/(Loss)	\$	<u><u>22,101</u></u>

Note 11 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through February 24, 2021, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

Housing Authority of the City of Decatur (IN062)
Fort Wayne, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2020

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$113,709		\$113,709	\$113,709
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$0	\$16,508	\$16,508	\$16,508
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$113,709	\$16,508	\$130,217	\$130,217
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$3,308		\$3,308	\$3,308
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$803		\$803	\$803
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other	-\$802		-\$802	-\$802
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$15,771		\$15,771	\$15,771
128.1 Allowance for Doubtful Accounts - Fraud	-\$15,771		-\$15,771	-\$15,771
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,309	\$0	\$3,309	\$3,309
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$898		\$898	\$898
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$117,916	\$16,508	\$134,424	\$134,424
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration				
165 Leasehold Improvements				
166 Accumulated Depreciation				
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$117,916	\$16,508	\$134,424	\$134,424

Housing Authority of the City of Decatur (IN062)
Fort Wayne, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2020

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$12,470		\$12,470	\$12,470
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$482		\$482	\$482
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$1,405		\$1,405	\$1,405
341 Tenant Security Deposits				
342 Unearned Revenue		\$16,508	\$16,508	\$16,508
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$14,357	\$16,508	\$30,865	\$30,865
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$14,357	\$16,508	\$30,865	\$30,865
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets				
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	\$103,559	\$0	\$103,559	\$103,559
513 Total Equity - Net Assets / Position	\$103,559	\$0	\$103,559	\$103,559
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$117,916	\$16,508	\$134,424	\$134,424

Housing Authority of the City of Decatur (IN062)
Fort Wayne, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 06/30/2020

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$674,543		\$674,543	\$674,543
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$3		\$3	\$3
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$4,078		\$4,078	\$4,078
71500 Other Revenue	\$1,571		\$1,571	\$1,571
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$680,195	\$0	\$680,195	\$680,195
91100 Administrative Salaries	\$11,633		\$11,633	\$11,633
91200 Auditing Fees	\$5,400		\$5,400	\$5,400
91300 Management Fee	\$13,716		\$13,716	\$13,716
91310 Book-keeping Fee	\$12,033		\$12,033	\$12,033
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$6,536		\$6,536	\$6,536
91600 Office Expenses	\$6,893		\$6,893	\$6,893
91700 Legal Expense				
91800 Travel	\$1,375		\$1,375	\$1,375
91810 Allocated Overhead				
91900 Other				
91000 Total Operating - Administrative	\$57,586	\$0	\$57,586	\$57,586
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				

Housing Authority of the City of Decatur (IN062)
Fort Wayne, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 06/30/2020

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation	\$41		\$41	\$41
96140 All Other Insurance				
96100 Total insurance Premiums	\$41	\$0	\$41	\$41
96200 Other General Expenses	\$278		\$278	\$278
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other	\$3,338		\$3,338	\$3,338
96800 Severance Expense				
96000 Total Other General Expenses	\$3,616	\$0	\$3,616	\$3,616
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$61,243	\$0	\$61,243	\$61,243
97000 Excess of Operating Revenue over Operating Expenses	\$618,952	\$0	\$618,952	\$618,952
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$590,046		\$590,046	\$590,046
97350 HAP Portability-In	\$1,153		\$1,153	\$1,153
97400 Depreciation Expense				
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$652,442	\$0	\$652,442	\$652,442
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				

GOVERNMENTAL AUDITING STANDARDS REPORT

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards**

Board of Commissioners
Housing Authority of the City of Decatur
Fort Wayne, IN 46816

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

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 Housing Authority of the City of Decatur, Indiana (Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 24, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the 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 weakness 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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Velma Butler / Company Ltd."

Velma Butler & Company, Ltd.
Chicago, Illinois

February 24, 2021

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the City of Fort Wayne
Fort Wayne, IN 46816

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Decatur, Indiana (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended June 30, 2020, and have issued our report thereon dated February 24, 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 Housing Authority's Financial Data Schedule (FDS) dated February 24, 2021, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

Velma Butler / Company Ltd.

Velma Butler & Company, Ltd.
Chicago, Illinois

February 24, 2021