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March 29, 2021

Board of Directors
Elkhart Housing Authority
1396 Benham Ave
Elkhart, IN 46516

We have reviewed the audit report of the Elkhart Housing Authority, which was opined upon by Velma Butler & Company, Ltd., Independent Public Accountant, for the period April 1, 2019 to March 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Elkhart Housing Authority as of March 31, 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 guidance 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 ELKHART, INDIANA

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
MARCH 31, 2020,
INCLUDING SINGLE AUDIT REPORTS
AND SUMMARY OF AUDITORS' RESULTS

HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Elkhart
Elkhart, IN 46516

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 primary government business type activities of the Housing Authority of the City of Elkhart, Indiana (Authority), as of and for the year ended March 31, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government business type activities of the Authority, as of March 31, 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 10 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 schedule of expenditures of federal awards, 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 the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

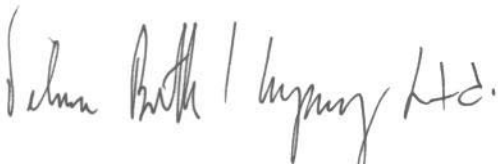
The accompanying supplementary information such as financial data schedules and schedule of expenditures of federal awards is the responsibility of management and was derived from the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 November 15, 2019 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 based on our report dated November 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 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 5, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Housing Authority of the City of Elkhart, Indiana
1396 Benham Ave
Elkhart, IN 46516
PHONE (574)295-8392 FAX (574) 293-6878

To the Board of Commissioners
Housing Authority of the City of Elkhart, Indiana
Elkhart, IN 46516

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Elkhart, Indiana (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on March 31, 2020. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended March 31, 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 general purpose 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

- Total assets were \$16.2 million at March 31, 2020, and increased by \$1.5 million from \$14.7 million at March 31, 2019, mainly due to changes in current assets.
- Net capital assets were \$10.7 million at March 31, 2020, and increased \$343 thousand from \$10.4 million at March 31, 2019. This was primarily due to capital activity.
- Total liabilities increased by \$78 thousand to \$465 thousand at March 31, 2020 from \$387 thousand at March 31, 2019.
- Total net position was \$15.7 million at March 31, 2020, an increase of about \$1.4 million or 10.2 percent from prior year balance of \$14.3 million.

- Total revenue was \$10.4 million at March 31, 2020, an increase of \$553 thousand from the March 31, 2019, balance of \$9.9 million. The increase was primarily due to an increase in HUD Operating Grants.
- Total expenses increased by \$210 thousand to \$9 million at March 31, 2020 from \$8.8 million at March 31, 2019.

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 and earned but unused vacation leave).

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 an enterprise fund whose operations include the low rent, housing choice voucher programs, and a blended component unit.

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 enterprise funds 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 enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Low-Rent Public Housing - Under the Low Rent Housing Program, the Authority rents units it owns to low-income families. The Low Rent Public Housing Program is operated under an annual contribution contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of a family's adjusted gross household income.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP, which is the primary funding source for physical management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the authorities housing stock.

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 programs are 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.

Component Units - If the Authority has oversight responsibility, including financial accountability, appointment of voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the Authority includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners of the component unit provides services entirely to the Authority.

Additionally, the Authority is required to undergo an annual single audit as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs.

The financial section provides both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

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

Table 1
Elkhart Housing Authority's Net Position
(in thousands dollars)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percent of Change</u>
Current Assets	\$ 5,490	\$ 4,296	\$ 1,194	27.8%
Capital Assets	10,704	10,361	343	3.3%
Total Assets	<u>\$ 16,194</u>	<u>\$ 14,657</u>	<u>\$ 1,537</u>	10.5%
Current Liabilities	\$ 288	\$ 215	\$ 73	34.0%
Other Non Current Liabilities	177	172	5	2.9%
Total Liabilities	<u>465</u>	<u>387</u>	<u>78</u>	20.2%
Invested in Capital Assets, Net	10,704	10,361	343	3.3%
Unrestricted	5,025	3,802	1,223	32.2%
Restricted	-	107	(107)	-100.0%
Total Net Position	<u>15,729</u>	<u>14,270</u>	<u>1,459</u>	10.2%
Total Liab. and Net Position	<u>\$ 16,194</u>	<u>\$ 14,657</u>	<u>\$ 1,537</u>	10.5%

As shown in Table 1, the Authority's total net position at March 31, 2020, was approximately \$15.7 million, a 10.5 percent increase from the March 31, 2019, balance of \$14.3 million.

Capital Assets

Capital assets increased by approximately \$343 thousand from \$10.4 million to \$10.7 million, as shown in the table below:

Table 2
Elkhart Housing Authority's Capital Assets

	March 31, 2019	Additions and Transfers in	March 31, 2020
Land	\$ 1,023,922	\$	\$ 1,023,922
Building & Improvements	34,933,726	1,292,580	36,226,306
Furniture and Equipment	1,606,823	62,781	1,669,604
Construction in Progress	161,341	(161,341)	-
(Less) Accumulated Depr.	(27,365,236)	(850,578)	(28,215,814)
Total Capital Assets	\$ 10,360,576	\$ 343,442	\$ 10,704,018

For 2020 depreciation expense was \$850,578 and construction in progress totaled \$0. Capital additions were \$1,194,020, and disposals totaled \$0. Additional details are available in **Note 9** of the financial statements.

Investments and Accrued Interest Receivable

The Authority has several certificates of deposit (CD) at various financial institutions, which will mature in future years. Interest payments are accumulated and are not required to be paid until the maturity. Additional information can be found in the Notes to Financial Statements.

Revenues

As shown in Table 3, the Authority's total operating revenues increased to \$10.4 million by \$553 thousand or 5.6 percent for the year ended March 31, 2020.

Table 3
Change in Elkhart Housing Authority's Net Position
(in thousands)

Description	2020	2019	Change	Percent of Change
Operating Revenue	\$ 9,388	\$ 8,786	\$ 602	6.9%
Non-Operating Revenue	1,039	1,088	(49)	-4.5%
Total Revenue	10,427	9,874	553	5.6%
Operating Expenses	8,087	7,877	210	2.7%
Depreciation	883	883	-	0.0%
Total Expenses	8,970	8,760	210	2.4%
Change in Net Position	1,457	1,114	343	30.8%
Beginning Net Position	14,270	13,203	1,067	8.1%
Prior Period Adjustment	2	(47)	49	0.0%
Ending Net Position	\$ 15,729	\$ 14,270	\$ 1,459	10.2%

Expenses

Total operating expenses, including depreciation, increased by \$210 thousand or 2.4 percent for a total balance of \$9 million for the year ended March 31, 2020. Changes are shown below in Table 4:

Table 4
Elkhart Housing Authority's Operating Expenses
(in thousands)

Description	2020	2019	Change	Percent of Change
Administrative Expenses	\$ 1,611	\$ 1,571	\$ 40	2.5%
Tenant Services	11	2	9	450.0%
Utilities Expenses	306	371	(65)	-17.5%
Ordinary Maintenance	1,215	1,338	(123)	-9.2%
Protective Services	79	70	9	12.9%
Insurance Expense	238	227	11	4.8%
General Expenses	191	87	104	119.5%
Housing Assistance Payments	4,469	4,211	258	6.1%
Depreciation Expense	850	883	(33)	-3.7%
Total Operating Expenses	\$ 8,970	\$ 8,760	\$ 210	2.4%

Expenses primarily increased in administrative expenses and ordinary maintenance, which was offset by decreases in housing assistance payments and general expenses.

BUDGETARY CONTROL

Management submits a proposed operating budget for revenues and expenses for all programs, functions, activities, or objectives for the following fiscal year to the governing body ("Board"). The Board reviews, approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. The operating subsidy is dependent on the availability of federal funds.

The Authority prepares annual five year budgets for its capital grants and project budget for other grants. Capital project budgets are approved and are adopted for five years by the Board and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five year plan and are monitored by the Authority and HUD. Line item variances are resolved and approved by HUD.

ECONOMIC OUTLOOK

The Authority is primarily dependent upon the Federal Department of Housing and Urban Development (HUD) for the funding of operations; therefore, the Authority is affected more by the federal budget than by state and local budgets or economic conditions.

With the possibility of substantial reductions in federal spending the Authority may have to face substantial reductions in federal funding, particularly for operating grants that support the administration of public housing and Section 8 voucher programs, as well as capital facility grants. In addition, local inflationary, recessionary, and employment trends impact resident income which in turn affects the amount of rental income collected. The Authority continues to evolve under the landscape of prolonged funding reductions through increased efficiency, innovative thinking, and progressive financial decisions.

MAJOR INITIATIVES

The Elkhart Housing Authority continues to provide comprehensive service in the City of Elkhart to assure the existence of affordable housing for low to moderate income individuals and families, senior citizens, ad handicapped and disable individuals. Under the leadership of a dedicated Board of Commissioners, and the hard work of true professionals in the field of affordable housing, the Authority continues to thrive, considering the various challenges for federally subsidized housing providers. Improvements have included working hard to enhance our operations internally and seeking external funds to support our residents whenever possible.

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ann Washington, Interim Deputy Director, the Housing Authority of the City of Elkhart, Indiana 1396 Benham Ave, Elkhart, Indiana 46516 or call (574) 295-8392.

FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
MARCH 31, 2020 (WITH 2019 COMPARATIVES)

EXHIBIT A

	2020 TOTAL AUTHORITY	2019 TOTAL AUTHORITY
ASSETS		
Cash and Cash Equivalents	\$ 3,865,539	\$ 3,163,364
Accounts Receivable (net allowances)	658,000	81,359
Accrued Interest Receivable	16,852	12,702
Investments	800,000	900,881
Prepaid, Deposits and Escrows	82,025	80,752
Inventory (net allowances)	67,767	56,914
TOTAL CURRENT ASSETS	<u>5,490,183</u>	<u>4,295,972</u>
Capital Assets, Net	10,704,018	10,360,576
TOTAL NON-CURRENT ASSETS	<u>10,704,018</u>	<u>10,360,576</u>
TOTAL ASSETS	<u>\$ 16,194,201</u>	<u>\$ 14,656,548</u>
LIABILITIES AND NET POSITION		
Accounts Payable	\$ 172,077	\$ 159,636
Accrued Liabilities - Current	116,304	54,959
TOTAL CURRENT LIABILITIES	<u>288,381</u>	<u>214,595</u>
Accrued Liabilities - Non-Current	85,291	80,140
FSS Escrow Deposits	91,667	91,860
TOTAL NON-CURRENT LIABILITIES	<u>176,958</u>	<u>172,000</u>
TOTAL LIABILITIES	<u>465,339</u>	<u>386,595</u>
Invested in Capital Assets	10,704,018	10,360,576
Unrestricted Net Position	5,024,844	3,802,731
Restricted Net Position	-	106,646
TOTAL NET POSITION	<u>15,728,862</u>	<u>14,269,953</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,194,201</u>	<u>\$ 14,656,548</u>

See accompanying notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2020 (WITH 2019 COMPARATIVES)**

EXHIBIT B

	2020	2019
	TOTAL	TOTAL
	AUTHORITY	AUTHORITY
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,416,826	\$ 1,532,801
HUD Operating Grants	7,734,535	7,049,908
Other Income	237,096	202,792
TOTAL OPERATING REVENUES	<u>9,388,457</u>	<u>8,785,501</u>
OPERATING EXPENSES		
Administrative Expenses	1,611,374	1,570,560
Tenant Services	10,638	2,216
Utilities Expense	305,743	370,822
Ordinary Maintenance and Materials	1,215,284	1,337,536
Protective Services	78,625	69,987
Insurance Expense	238,083	227,408
General Expenses	191,059	86,927
Housing Assistance Payments	4,468,889	4,211,574
Depreciation Expense	850,578	882,948
TOTAL OPERATING EXPENSES	<u>8,970,273</u>	<u>8,759,978</u>
OPERATING INCOME (LOSS)	<u>418,184</u>	<u>25,523</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest	29,050	14,887
Gain/(Loss) Disposal of Equipment	-	-
INCOME BEFORE OTHER REVENUES (EXPENSES)	<u>29,050</u>	<u>14,887</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	1,009,553	1,073,361
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,009,553</u>	<u>1,073,361</u>
CHANGE IN NET POSITION	1,456,787	1,113,771
NET POSITION AT BEGINNING OF PERIOD	14,269,953	13,203,044
PRIOR PERIOD ADJUSTMENT	2,122	(46,862)
NET POSITION AT END OF PERIOD	<u>15,728,862</u>	<u>\$ 14,269,953</u>

See accompanying notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2020 (WITH 2019 COMPARATIVES)**

EXHIBIT C

	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 9,388,456	\$ 8,785,501
Payments to Employees	(1,421,396)	(1,378,405)
Payments to Vendors and Suppliers	(6,171,840)	(5,431,862)
Net Cash Provided by Operating Activities	<u>1,795,220</u>	<u>1,975,234</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Investments	100,881	-
(Increase)/Decrease in Accrued Interest Receivable	(4,150)	2,227
Interest Income	29,050	14,887
Net Cash (Used In) Provided by Investing Activities	<u>125,781</u>	<u>17,114</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grants	1,009,553	1,073,361
(Purchase) of Capital Assets	(2,228,379)	(2,346,280)
Gain / (Loss) on Disposal of Assets	-	-
Net Cash (Used In) Provided by Capital and Related Activities	<u>(1,218,826)</u>	<u>(1,272,919)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>702,175</u>	<u>719,429</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	<u>3,163,364</u>	<u>2,443,935</u>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u>\$ 3,865,539</u>	<u>\$ 3,163,364</u>
Reconciliation to Statement of Net Assets		
Unrestricted Cash and Cash Equivalents	\$ 3,685,649	\$ 2,873,663
Restricted Cash and Cash Equivalents - Current	179,890	289,701
Cash and Cash Equivalents at end of Fiscal Year	<u>\$ 3,865,539</u>	<u>\$ 3,163,364</u>
Reconciliation of Operating Loss to Net Cash (Used) / Provided by Operating Activities		
Net operating Income/(Loss)	\$ 1,456,787	\$ 1,113,771
Adjustments To Reconcile		
Add Back Depreciation	850,578	882,948
Less Prior Period Adjustment	(2,122)	46,862
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(576,641)	(24,597)
(Increase)/Decrease in Prepaid Expenses and Deposits	(1,273)	3,136
(Increase)/Decrease in Material Inventory	(10,853)	19,557
Increase/(Decrease) in Accounts Payable	12,441	(2,122)
Increase/(Decrease) in Accrued Liabilities	66,496	(33,186)
Increase/(Decrease) in FSS Escrow Deposits	(193)	(31,135)
Net Cash Provided by Operating Activities	<u>\$ 1,795,220</u>	<u>\$ 1,975,234</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES		
Interest Paid During the Year	\$ -	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 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 Elkhart Housing Authority was established by the City of Elkhart pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Elkhart and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City Council, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City of Elkhart; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

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 members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Elkhart Housing Authority is a separate reporting entity. All funds and programs of the Authority are included in these statements. The Authority has a component unit consisting of two non-profit corporations, Housing Finance Corporation and Elkhart Community Housing Corporation.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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 public housing and grant programs as follows:

Low Rent Housing - The low rent housing program provides subsidized housing to low income residents. The Authority is the owner of public housing units located throughout the city. The Authority receives revenue from dwelling rental income and operating subsidies and capital repair funds from HUD. Operating subsidies are provided by HUD to assist with the cost of operating the program. "Capital Funds," provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments. The low rent housing program is reported as an enterprise fund.

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 also reported as an enterprise fund.

Blended Component Units

Consistent with applicable guidance, the criteria used by the Authority to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The Authority included organizations as component units under the following financial accountability criteria: (1) Organizations for which the Authority appoints a voting majority of the organizations governing body and for which (a) the Authority is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Authority. (2) A financial benefit or burden relationship between the Authority and the component unit. (3) Management of the Authority has operational responsibility for the activities of the component unit. The following is a brief description of the blended component unit meeting the above criteria that is included in the PHA's financial report entity.

The first non-profit is known as Housing Finance Corporation. The Housing Finance Corporation was formed to carry out or assist in carrying out low-income housing projects, including assistance by borrowing and lending funds, with an emphasis on low-income housing projects formed or financed in compliance with Section 8 of the United State Housing Act of 1937 and the regulations promulgated there under. The second non-profit corporation, Elkhart Community Housing Corporation, was formed to provide affordable, decent and safe housing to low and moderate income individuals and families within the City and Elkhart County.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

B. 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 accounts segregate funds according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

C. Fund Accounting

Accounts are organized on the basis of funds. Each fund represents a separate program with a separate set of self-balancing accounts. All funds are reported as enterprise funds and are grouped as follows:

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively called low rent housing.
- 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 use for the Housing Choice Voucher Program.
- Component unit funds consist of the financing activities of the construction of mixed income housing units and the issuance of bonds to develop affordable housing.

Proprietary Funds – The Authority’s operations are accounted for in a single *Enterprise Fund*. Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the Authority has decided that the determination of revenues earned, costs incurred and/or net income are necessary for management accountability.

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.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Cash and Cash Equivalents - 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 assets are related to the low rent, housing opportunity program, component unit and housing choice voucher program for various funds restricted for tenants. The housing choice voucher program has additional restricted funds for future housing assistance payments.

Investments - Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40 *Deposit and Investment Risk Disclosures*. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. GASB Statement No. 40 requires general disclosures by investment type with disclosures of the specific risks to which those investments are exposed. Investments exposed to credit risk, custodial credit risk, concentration of credit risk (5% of total net position), interest rate risk, and foreign currency risk must be disclosed, and the government reporting unit is required to describe their deposit or investment policies (or the lack of a policy) that relate to the risks stated above, if they are subject to them.

Custodial Credit Risk

- a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned or that the Authority will not be able to recover collateral securities in the possession of an outside party.
- b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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.

Inter-program Due to/from – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund balance sheet.

Inventories – Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Risk Management – The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation. Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years and there has been no significant reduction in insurance coverage during the fiscal year.

Capital Assets – Capital Assets consist of assets purchased or acquired at a cost of \$500 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:

Buildings and Improvements	10 -50 years
Furniture, Fixtures and Equipment	5 - 15 years
Automobiles	5 - 15 years

Compensated Absences – The Authority allows regular full-time employees to accumulate the following compensated absences.

Sick Leave – Employees may be paid for leave taken due to illness only. Sick leave is accumulated at the rate of 3.69 hours per pay period. Any employee having more than four hundred eighty (480) hours accumulated sick leave forfeits accumulated pay for any hours over four hundred eighty (480) hours.

An employee involuntarily terminated shall receive no sick leave pay. Employees who voluntarily terminate and have given a two week notice shall be paid a lump sum or fifty percent (50%) of any accumulated sick leave.

If the separation is the result of retirement at or after the age of 59 12 and the employee has five (5) or more years of continuous service prior to retirement, and has voluntarily terminated giving a two week notice, the employee shall be paid one hundred (100%) of his or her accumulated sick leave.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

Any employee who is entitled to be away from work by reason of illness, but has no remaining paid sick leave, may use his/her annual leave. If the employee has no remaining sick or annual leave available, he/she may request leave without pay. Approval of leave without pay is solely at the discretion of the Executive Director.

Annual Leave - Annual leave with pay shall be earned by all full time employees at the following rates:

Beginning the first pay date following employment, the employees shall earn 3.08 hours of annual leave time per pay period. The employee shall continue to earn annual leave time at this rate through the end of the fifth year of continuous service.

After five (5) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 4.62 hours of annual leave time per pay period.

After ten (10) full years of continuous employment and beginning on the first pay date of the eleventh year of continuous employment, the employee shall earn 6.15 hours of annual leave time per pay period.

After fifteen (15) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 7.69 hours of annual leave time per pay period.

Employees may accrued annual time up to twenty-five (25) working days (200) hours. Hours accrued in excess of 200 shall not be posted and shall not be paid. An employee involuntarily terminated will not be paid any annual leave time. Employee who voluntarily terminated and have given a two week notice shall be paid in a lump sum for any accumulated annual leave at his or her current rate of pay, up to a maximum of 200 hours. Annual leave time shall be used by an employee for illnesses provided all sick leave has been exhausted.

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

(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.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

(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.

Fair Value - The Authority follows GASB Statement No. 72, Fair Value Measurement. This Statement improves 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 are organized by type asset or liability reported at fair value. The implementation has had no material impact on the financial statements of the Authority.

Retirement Plan - The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Hartford Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. The Housing Authority does not provide post employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

Operating Revenues and 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 charges to customers for rents. Operating expenses include the cost of sales and services, administrative expense, 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 in the non-operating revenue and expense.

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.

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2020

Note 2 - Budget Information

Enterprise Funds - The Authority is required by contractual agreements to adopt annual operating budgets for all its enterprise funds receiving federal expenditure awards. The Fiscal Services Director prepares all budgets on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

Operating budgets for the year are prepared 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.

Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through periodic budgeting and reporting requirements.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$3,865,539 at March 31, 2020, and are maintained in commercial checking accounts and are readily available. Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. The Authority is in compliance with all state and local laws and regulations regarding cash equivalents.

Of the total cash on hand the breakdown between unrestricted and restricted is shown below:

Unrestricted Cash	\$ 3,685,649
Restricted Cash:	
Tenant Security Deposits	88,223
Housing Assistance Payments	-
FSS Escrow	91,667
Total Restricted Cash	<u>179,890</u>
Total Cash	<u>\$ 3,865,539</u>

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Note 4 - Accounts Receivable

At March 31, 2020, accounts receivable totaled \$658,000 and consisted of the following:

Accounts Receivable - Tenants	\$	46,052
Accounts Receivable - Allowance Tenants		(3,756)
Accounts Receivable - Fraud		83,836
Accounts Receivable - Fraud Allowance		(83,836)
Accounts Receivable - HUD		597,166
Accounts Receivable - Others		18,538
Total	\$	<u>658,000</u>

The Authority reviews the accounts receivable periodically. In fiscal year 2020, the Authority had collection losses totaling \$54,943.

Accounts receivable inter-fund was offset and eliminated by accounts payable interfund totaling \$1,248.

Note 5 - Accrued Interest Receivable

At March 31, 2020, accrued interest receivable totaled \$16,852, which consisted of the accumulated accrued interest of the Authority's certificates of deposit.

Note 6 - Investments

At March 31, 2020, investments totaled \$800,000, which consisted of certificates of deposit and interest at various financial institutions. The Authority's investments are stated at fair value at year-end.

To increase consistency and comparability in fair value measurements, the Authority follows GASB Statement No. 72, Fair Value Measurement, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets that entity has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data
- Level 3 - unobservable inputs, such as internally developed pricing models for the asset due to little or no market activity for the asset.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

The following table presents assets measured and recorded at fair value on Authority's Statement of Financial Position as of March 31, 2020.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of Deposit	\$ 800,000	\$	\$	\$ 800,000
Total Assets at Fair Value	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800,000</u>

Investment return at March 31, 2020 and its classification in the statement of activities are shown below:

Interest and Dividends	\$ 29,050
Total Investment Return	<u>\$ 29,050</u>

Note 7 - Prepaid Expenses

Prepaid expenses totaled \$82,025 at March 31, 2020, and consisted of primarily prepaid insurances and other assets.

Note 8 - Material Inventories

Material inventories, net at March 31, 2020 totaled \$67,767, and consist of items used to maintain upkeep of units. Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories is recorded as expenditures when consumed. Total inventory totaled \$68,798, with an allowance of \$1,031.

Note 9 - Capital Assets

The changes in land, structures and equipment for the year ended March 31, 2020, are shown in the table below:

	<u>March 31, 2019</u>	<u>Additions and Transfers in</u>	<u>March 31, 2020</u>
Land	\$ 1,023,922	\$	\$ 1,023,922
Building & Improvements	34,933,726	1,292,580	36,226,306
Furniture and Equipment	1,606,823	62,781	1,669,604
Construction in Progress	161,341	(161,341)	-
(Less) Accumulated Depr.	(27,365,236)	(850,578)	(28,215,814)
Total Capital Assets	<u>\$ 10,360,576</u>	<u>\$ 343,442</u>	<u>\$ 10,704,018</u>

For 2020 depreciation expense was \$850,578 and construction in progress totaled \$0. Capital additions were \$1,194,020, and disposals totaled \$0.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Note 10 - Accounts Payable

Accounts payable totaled \$172,077 at March 31, 2020, which consisted of the following:

Accounts Payable - Vendors	\$	55,558
Tenant Security Deposits		88,223
Other Payables		<u>28,296</u>
Total	\$	<u>172,077</u>

Total accounts payable inter-fund was offset and eliminated by accounts receivable interfund totaling \$1,248.

Note 11 - Accrued Liabilities

Accrued liabilities totaled \$201,595, at March 31, 2020, of which, \$116,304 is current and \$85,291 is non-current, and the breakdown is as follows:

Accrued Wages	\$	37,103
Compensated Abs. - Current		76,489
Other Accrued Payables		<u>2,712</u>
Total Current Accrued Liabilities		116,304
Compensated Abs. - Non-Current		<u>85,291</u>
Total Accrued Liabilities	\$	<u>201,595</u>

The Authority recognizes leave taken as a current year's salary expense during the year in which the leave is taken. Vacation pay is not accrued for and forgiven at the end of each year.

Note 12 - Family Self Sufficiency Escrow

At March 31, 2020 the Authority had Family and Self Sufficiency (FSS) escrow of \$91,667 of amounts due to tenants.

Note 13 - Employee Benefit Plans

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with MassMutual Financial Group (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. For the fiscal year end March 31, 2020, actual contributions by the Authority were \$161,430 based on \$1,386,842 of wages and salary expense. The Authority made all the required contributions to the Plan.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

The total plan assets at March 31, 2020, were \$1,856,726, as follows:

<u>Description</u>	<u>Amount</u>
Beginning Balance	\$ 1,821,529
Contributions	161,430
Net Loan Activity	(8,529)
Net Withdrawals	(75,964)
Fees and Charges	(5,488)
Changes in Value	<u>(36,252)</u>
Ending Balance	<u>\$ 1,856,726</u>

Note 15 - Operating Lease Commitments

The Authority has under its normal operations entered into commitments for the purchase of maintenance, cleaning and other services. Such commitments are monthly or annual.

The Authority also has certain contingent liabilities resulting from claims and commitments incident to the ordinary course of business. Management expects that final resolution of such contingencies will not materially affect the financial position of the Authority.

Note 16 - Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions contracts from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Housing Assistance programs.

Note 17 - Allocation of Cost

The Authority allocates expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units or staff in each program. Management considers this to be an equitable method of allocation.

Note 18 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to March 31, 2020, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended March 31, 2020. Management has performed their analysis through February 5, 2020, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
MARCH 31, 2020

	COCC & Low Rent	Housing Choice Vouchers	CARES ACT	ROSS	Blended Component Unit	Eliminations	2020 TOTAL
ASSETS							
Cash and Cash Equivalents	\$ 3,399,784	\$ 374,230	\$	\$	\$ 91,525	\$	\$ 3,865,539
Accounts Receivable (net allowances)	620,059	33,645	41		5,503	(1,248)	658,000
Accrued Interest Receivable	16,852						16,852
Investments	800,000						800,000
Prepaid, Deposits and Escrows	72,448	4,126			5,451		82,025
Inventory (net allowances)	67,767						67,767
TOTAL CURRENT ASSETS	4,976,910	412,001	41	-	102,479	(1,248)	5,490,183
Capital Assets, Net	10,154,598	26,066			523,354		10,704,018
TOTAL NON-CURRENT ASSETS	10,154,598	26,066	-	-	523,354	-	10,704,018
TOTAL ASSETS	\$ 15,131,508	\$ 438,067	\$ 41	\$ -	\$ 625,833	\$ (1,248)	\$ 16,194,201
LIABILITIES AND NET POSITION							
Accounts Payable	\$ 154,717	\$ 8,868	\$ 41	\$	\$ 9,699	\$ (1,248)	\$ 172,077
Accrued Liabilities - Current	98,476	17,776			52		116,304
TOTAL CURRENT LIABILITIES	253,193	26,644	41	-	9,751	(1,248)	288,381
Accrued Liabilities - Non-Current	73,269	12,022					85,291
FSS Escrow Deposits	8,690	82,977					91,667
TOTAL NON-CURRENT LIABILITIES	81,959	94,999	-	-	-	-	176,958
TOTAL LIABILITIES	335,152	121,643	41	-	9,751	(1,248)	465,339
Invested in Capital Assets	10,154,598	26,066	-	-	523,354	-	10,704,018
Unrestricted Net Position	4,641,758	290,358	-	-	92,728	-	5,024,844
Restricted Net Position		-					-
TOTAL NET POSITION	14,796,356	316,424	-	-	616,082	-	15,728,862
TOTAL LIABILITIES AND NET POSITION	\$ 15,131,508	\$ 438,067	\$ 41	\$ -	\$ 625,833	\$ (1,248)	\$ 16,194,201

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2020**

	COCC & Low Rent	Housing Choice Vouchers	CARES ACT	ROSS	Blended Component Unit	Eliminations	2020 TOTAL
OPERATING REVENUES							
Net Tenant Rental Revenue	\$ 1,410,000	\$	\$	\$	\$ 6,826	\$	\$ 1,416,826
HUD Operating Grants	2,945,401	4,741,863	41	47,230			7,734,535
Other Income	1,633,219	81,742			49,890	(1,527,755)	237,096
TOTAL OPERATING REVENUES	5,988,620	4,823,605	41	47,230	56,716	(1,527,755)	9,388,457
OPERATING EXPENSES							
Administrative Expenses	2,062,199	361,273		47,230	11,035	(870,363)	1,611,374
Tenant Services	10,597		41				10,638
Utilities Expense	305,275				468		305,743
Ordinary Maintenance and Materials	1,862,307	1,060			9,309	(657,392)	1,215,284
Protective Services	78,625						78,625
Insurance Expense	223,565	9,654			4,864		238,083
General Expenses	153,425	20,155			17,479		191,059
Housing Assistance Payments		4,468,889					4,468,889
Depreciation Expense	837,009	2,970			10,599		850,578
TOTAL OPERATING EXPENSES	5,533,002	4,864,001	41	47,230	53,754	(1,527,755)	8,970,273
OPERATING INCOME (LOSS)	455,618	(40,396)	-	-	2,962	-	418,184
NON-OPERATING REVENUES (EXPENSES)							
Interest	27,906	1,144					29,050
INCOME BEFORE OTHER REVENUES (EXPENSES)	27,906	1,144	-	-	-	-	29,050
CAPITAL CONTRIBUTIONS AND TRANSFERS							
Capital Contributions	1,009,553						1,009,553
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	1,009,553	-	-	-	-	-	1,009,553
CHANGE IN NET POSITION	1,493,077	(39,252)	-	-	2,962	-	1,456,787
NET POSITION AT BEGINNING OF PERIOD	13,301,157	355,676	-	-	613,120	-	14,269,953
PRIOR PERIOD ADJUSTMENT	2,122	-	-	-	-	-	2,122
NET POSITION AT END OF PERIOD	\$ 14,796,356	\$ 316,424	\$ -	\$ -	\$ 616,082	\$ -	\$ 15,728,862

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020

FEDERAL GRANTOR	PROGRAM OR AWARD CFDA #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Housing Choice Voucher Cluster			
Housing Choice Vouchers	14.871	4,741,863	4,864,001
Total Housing Choice Voucher Cluster		4,741,863	4,864,001
Total Major Programs		4,741,863	4,864,001
Non-Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Low Rent Public Housing Program			
Public and Indian Housing Program	14.850	\$ 2,222,157	\$ 2,091,409
Public Housing Capital Fund Program	14.872	1,732,797	1,732,797
Total Low Rent Housing Programs		3,954,954	3,824,206
Public Housing CARES ACT	14.PHC	41	41
Resident Opportunity and Self Sufficiency	14.870	47,230	47,230
Total Non-Major Programs		4,002,225	3,871,477
Total All Programs		\$ 8,744,088	\$ 8,735,478

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020**

Note 1 - Basis of Presentation

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

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended March 31, 2019. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2020, and should be read in conjunction with the Authority's consolidated financial statements.

The Authority did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

Note 2 - Sources of Funding

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed-through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.

Note 3 - Sub-recipients

There were no sub-recipients for the year ended March 31, 2020.

Note 4 - Loans Outstanding

There were no federal loans outstanding for the year ended March 31, 2020.

Note 5 - Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended March 31, 2020.

Note 6 - Insurance

The Authority had no federal insurance for the year ended March 31, 2020.

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,599,510	\$87,594	\$291,253			\$707,292	\$3,685,649		\$3,685,649
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	\$8,690		\$82,977				\$91,667		\$91,667
114 Cash - Tenant Security Deposits	\$84,292	\$3,931					\$88,223		\$88,223
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$2,692,492	\$91,525	\$374,230	\$0	\$0	\$707,292	\$3,865,539	\$0	\$3,865,539
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$563,480		\$33,645		\$41		\$597,166		\$597,166
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous		\$4,255					\$4,255		\$4,255
126 Accounts Receivable - Tenants	\$46,052						\$46,052		\$46,052
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,756						-\$3,756		-\$3,756
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$14,283						\$14,283		\$14,283
128 Fraud Recovery			\$83,836				\$83,836		\$83,836
128.1 Allowance for Doubtful Accounts - Fraud			-\$83,836				-\$83,836		-\$83,836
129 Accrued Interest Receivable	\$5,249					\$11,603	\$16,852		\$16,852
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$625,308	\$4,255	\$33,645	\$0	\$41	\$11,603	\$674,852	\$0	\$674,852
131 Investments - Unrestricted	\$300,000					\$500,000	\$800,000		\$800,000
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$48,145	\$5,451	\$4,126			\$24,303	\$82,025		\$82,025
143 Inventories	\$17,859					\$50,939	\$68,798		\$68,798
143.1 Allowance for Obsolete Inventories	-\$267					-\$764	-\$1,031		-\$1,031
144 Inter Program Due From	\$0	\$1,248					\$1,248	-\$1,248	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$3,683,537	\$102,479	\$412,001	\$0	\$41	\$1,293,373	\$5,491,431	-\$1,248	\$5,490,183
161 Land	\$783,644	\$140,278				\$100,000	\$1,023,922		\$1,023,922
162 Buildings	\$32,982,595	\$480,697	\$41,596			\$2,721,418	\$36,226,306		\$36,226,306
163 Furniture, Equipment & Machinery - Dwellings	\$52,928						\$52,928		\$52,928
164 Furniture, Equipment & Machinery - Administration	\$521,607		\$55,763			\$1,039,306	\$1,616,676		\$1,616,676
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$25,089,657	-\$97,621	-\$71,293			-\$2,957,243	-\$28,215,814		-\$28,215,814
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,251,117	\$523,354	\$26,066	\$0	\$0	\$903,481	\$10,704,018	\$0	\$10,704,018
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									

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
180 Total Non-Current Assets	\$9,251,117	\$523,354	\$26,066	\$0	\$0	\$903,481	\$10,704,018	\$0	\$10,704,018
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$12,934,654	\$625,833	\$438,067	\$0	\$41	\$2,196,854	\$16,195,449	-\$1,248	\$16,194,201
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$19,400	\$5,683	\$7,710		\$41	\$6,532	\$39,366		\$39,366
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$8,920		\$5,910			\$25,587	\$40,417		\$40,417
322 Accrued Compensated Absences - Current Portion	\$13,542		\$11,867			\$51,080	\$76,489		\$76,489
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects			\$1,157				\$1,157		\$1,157
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$84,292	\$3,931					\$88,223		\$88,223
342 Unearned Revenue	\$21,417	\$85					\$21,502		\$21,502
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	\$21,175	\$52					\$21,227		\$21,227
347 Inter Program - Due To						\$1,248	\$1,248	-\$1,248	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$168,746	\$9,751	\$26,644	\$0	\$41	\$84,447	\$289,629	-\$1,248	\$288,381
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	\$8,690		\$82,977				\$91,667		\$91,667
354 Accrued Compensated Absences - Non Current	\$30,550		\$12,022			\$42,719	\$85,291		\$85,291
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$39,240	\$0	\$94,999	\$0	\$0	\$42,719	\$176,958	\$0	\$176,958
300 Total Liabilities	\$207,986	\$9,751	\$121,643	\$0	\$41	\$127,166	\$466,587	-\$1,248	\$465,339
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$9,251,117	\$523,354	\$26,066			\$903,481	\$10,704,018		\$10,704,018
511.4 Restricted Net Position									
512.4 Unrestricted Net Position	\$3,475,551	\$92,728	\$290,358	\$0	\$0	\$1,166,207	\$5,024,844	\$0	\$5,024,844
513 Total Equity - Net Assets / Position	\$12,726,668	\$616,082	\$316,424	\$0	\$0	\$2,069,688	\$15,728,862	\$0	\$15,728,862
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$12,934,654	\$625,833	\$438,067	\$0	\$41	\$2,196,854	\$16,195,449	-\$1,248	\$16,194,201

Housing Authority of the City of Elkhart (IN026)
Elkhart, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,333,341	\$6,826					\$1,340,167		\$1,340,167
70400 Tenant Revenue - Other	\$76,659						\$76,659		\$76,659
70500 Total Tenant Revenue	\$1,410,000	\$6,826	\$0	\$0	\$0	\$0	\$1,416,826	\$0	\$1,416,826
70600 HUD PHA Operating Grants	\$2,944,391		\$4,741,863	\$47,230	\$41	\$1,010	\$7,734,535		\$7,734,535
70610 Capital Grants	\$1,009,553						\$1,009,553		\$1,009,553
70710 Management Fee						\$710,698	\$710,698	-\$710,698	\$0
70720 Asset Management Fee						\$80,640	\$80,640	-\$80,640	\$0
70730 Book Keeping Fee						\$79,025	\$79,025	-\$79,025	\$0
70740 Front Line Service Fee						\$657,392	\$657,392	-\$657,392	\$0
70750 Other Fees									
70700 Total Fee Revenue						\$1,527,755	\$1,527,755	-\$1,527,755	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$7,989		\$1,144			\$19,917	\$29,050		\$29,050
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$13,970				\$13,970		\$13,970
71500 Other Revenue	\$88,311	\$49,890	\$67,772			\$17,153	\$223,126		\$223,126
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$5,460,244	\$56,716	\$4,824,749	\$47,230	\$41	\$1,565,835	\$11,954,815	-\$1,527,755	\$10,427,060
91100 Administrative Salaries	\$230,617		\$169,161	\$35,269		\$555,367	\$990,414		\$990,414
91200 Auditing Fees	\$7,140		\$7,718			\$4,438	\$19,296		\$19,296
91300 Management Fee	\$660,358		\$50,340				\$710,698	-\$710,698	\$0
91310 Book-keeping Fee	\$58,050		\$20,975				\$79,025	-\$79,025	\$0
91400 Advertising and Marketing	\$883		\$310			\$3,371	\$4,564		\$4,564
91500 Employee Benefit contributions - Administrative	\$71,577		\$76,416	\$11,961		\$195,145	\$355,099		\$355,099
91600 Office Expenses	\$19,832	\$137	\$11,966			\$29,706	\$61,641		\$61,641
91700 Legal Expense	\$4,355					\$585	\$4,940		\$4,940
91800 Travel			\$4			\$225	\$229		\$229
91810 Allocated Overhead									
91900 Other	\$15,215	\$10,898	\$24,383			\$124,695	\$175,191		\$175,191
91000 Total Operating - Administrative	\$1,068,027	\$11,035	\$361,273	\$47,230	\$0	\$913,532	\$2,401,097	-\$789,723	\$1,611,374
92000 Asset Management Fee	\$80,640						\$80,640	-\$80,640	\$0
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$10,597				\$41		\$10,638		\$10,638
92500 Total Tenant Services	\$10,597	\$0	\$0	\$0	\$41	\$0	\$10,638	\$0	\$10,638
93100 Water	\$24,283	\$152				\$1,449	\$25,884		\$25,884

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
93200 Electricity	\$122,955	\$70				\$17,124	\$140,149		\$140,149
93300 Gas	\$84,098	\$246				\$5,259	\$89,603		\$89,603
93400 Fuel									
93500 Labor									
93600 Sewer	\$48,185					\$1,922	\$50,107		\$50,107
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$279,521	\$468	\$0	\$0	\$0	\$25,754	\$305,743	\$0	\$305,743
94100 Ordinary Maintenance and Operations - Labor	\$93,945					\$337,037	\$430,982		\$430,982
94200 Ordinary Maintenance and Operations - Materials and Other	\$46,040	\$2,132	\$523			\$82,623	\$131,318		\$131,318
94300 Ordinary Maintenance and Operations Contracts	\$1,139,398	\$7,177	\$537			\$22,201	\$1,169,313	-\$657,392	\$511,921
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,383					\$120,680	\$141,063		\$141,063
94000 Total Maintenance	\$1,299,766	\$9,309	\$1,060	\$0	\$0	\$562,541	\$1,872,676	-\$657,392	\$1,215,284
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs	\$77,476					\$1,149	\$78,625		\$78,625
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$77,476	\$0	\$0	\$0	\$0	\$1,149	\$78,625	\$0	\$78,625
96110 Property Insurance	\$132,125	\$2,553				\$6,909	\$141,587		\$141,587
96120 Liability Insurance	\$30,431	\$1,000	\$4,071			\$8,921	\$44,423		\$44,423
96130 Workmen's Compensation	\$6,615		\$4,645			\$11,617	\$22,877		\$22,877
96140 All Other Insurance	\$7,140	\$1,311	\$938			\$19,807	\$29,196		\$29,196
96100 Total insurance Premiums	\$176,311	\$4,864	\$9,654	\$0	\$0	\$47,254	\$238,083	\$0	\$238,083
96200 Other General Expenses	\$40	\$218	\$4,178				\$4,436		\$4,436
96210 Compensated Absences	\$18,548		\$15,977			\$74,823	\$109,348		\$109,348
96300 Payments in Lieu of Taxes		\$17,261					\$17,261		\$17,261
96400 Bad debt - Tenant Rents	\$54,943						\$54,943		\$54,943
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$73,531	\$17,479	\$20,155	\$0	\$0	\$74,823	\$185,988	\$0	\$185,988
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	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,065,869	\$43,155	\$392,142	\$47,230	\$41	\$1,625,053	\$5,173,490	-\$1,527,755	\$3,645,735
97000 Excess of Operating Revenue over Operating Expenses	\$2,394,375	\$13,561	\$4,432,607	\$0	\$0	-\$59,218	\$6,781,325	\$0	\$6,781,325
97100 Extraordinary Maintenance	\$490						\$490		\$490
97200 Casualty Losses - Non-capitalized	\$1,928					\$2,653	\$4,581		\$4,581
97300 Housing Assistance Payments			\$4,432,976				\$4,432,976		\$4,432,976
97350 HAP Portability-In			\$35,913				\$35,913		\$35,913
97400 Depreciation Expense	\$755,919	\$10,599	\$2,970			\$81,090	\$850,578		\$850,578

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$3,824,206	\$53,754	\$4,864,001	\$47,230	\$41	\$1,708,796	\$10,498,028	-\$1,527,755	\$8,970,273
10010 Operating Transfer In	\$552,234					\$1,010	\$553,244	-\$553,244	\$0
10020 Operating transfer Out	-\$552,234					-\$1,010	-\$553,244	\$553,244	\$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,636,038	\$2,962	-\$39,252	\$0	\$0	-\$142,961	\$1,456,787	\$0	\$1,456,787
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$11,088,508	\$613,120	\$355,676	\$0	\$0	\$2,212,649	\$14,269,953		\$14,269,953
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$2,122						\$2,122		\$2,122
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity			\$316,424				\$316,424		\$316,424
11180 Housing Assistance Payments Equity			\$0				\$0		\$0
11190 Unit Months Available	7992	72	8724			0	16788		16788
11210 Number of Unit Months Leased	7740	68	8390			0	16198		16198
11270 Excess Cash	\$3,199,043						\$3,199,043		\$3,199,043
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$1,149,829					\$10,395	\$1,160,224		\$1,160,224
11630 Furniture & Equipment - Dwelling Purchases	\$17,203					\$0	\$17,203		\$17,203
11640 Furniture & Equipment - Administrative Purchases	\$3,380					\$6,475	\$9,855		\$9,855
11650 Leasehold Improvements Purchases	\$0					\$0	\$0		\$0
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0	\$0		\$0

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF CAPITAL FUNDS COST - UNCOMPLETED
FOR THE YEAR ENDED MARCH 31, 2020**

EXHIBIT F

ANNUAL CONTRIBUTION CONTRACT PHASES IN36P010501 - 16, 17, 18, 19 and 18E

	501-16	501-17	501-18E	501-18	501-19	Total
Funds Approved	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 1,456,287	\$ 4,841,045
Funds Expended	869,951	853,039	224,000	912,596	778,640	3,638,226
Excess\ (Deficit) of Funds Approved	\$ -	\$ 43,492	\$ 2,000	\$ 479,680	\$ 677,647	\$ 1,202,819
Funds Advanced	\$ 869,951	\$ 853,039	\$ 224,000	\$ 912,596	\$ 215,160	\$ 3,074,746
Funds Expended	869,951	853,039	224,000	912,596	778,640	3,638,226
Excess\ (Deficit) of Funds Advanced	\$ -	\$ -	\$ -	\$ -	\$ (563,480)	\$ (563,480)

- 1 Capital Fund Program costs for Phases IN36P010 - 501-16, 17, 18, 19 and 18E are shown above.
- 2 Cost additions during the audit period were as follows: IN36P010501 - 16 - \$21,152, 17 - \$27,824, 18 - \$128,497, 18E - \$211,960, 19 - \$778,640, and, accordingly, were audited by Velma Butler & Company, Ltd.

<p>ANNUAL CONTRIBUTION CONTRACT PHASES IN36P010501 - 15</p>

	501-15	Total
Funds Approved	\$ 835,463	\$ 835,463
Funds Expended	835,463	835,463
Excess\ (Deficit) of Funds Approved	\$ -	\$ -
Funds Advanced	\$ 835,463	\$ 835,463
Funds Expended	835,463	835,463
Excess\ (Deficit) of Funds Advanced	\$ -	\$ -

- 1 That all modernization work in connection with the Modernization Grant has been completed:
- 2 That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 3 That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
- 4 That the time in which such liens could be filed has expired; and
- 5 That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

SINGLE AUDIT REPORTS

**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 Elkhart, Indiana
Elkhart, IN 46516

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 primary government business type activities and the blended component units of the Housing Authority of the City of Elkhart, Indiana (Authority), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued an unmodified thereon dated February 5, 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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

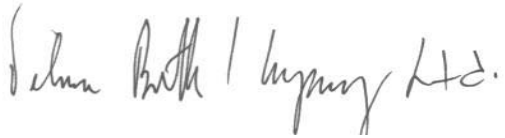
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not 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 5, 2021

Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Elkhart, Indiana
Elkhart, IN 46516

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Elkhart, Indiana (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of the internal controls 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended March 31, 2020, and have issued our report thereon dated February 5, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Velma Butler & Company, Ltd.
Chicago, Illinois

February 5, 2021

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the City of Elkhart, Indiana
Elkhart, IN 46516

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 Elkhart, 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 March 31, 2020, and have issued our report thereon dated February 5, 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 5, 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.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd." The signature is written in dark ink on a light-colored background.

Velma Butler & Company, Ltd.
Chicago, Illinois

February 5, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COST

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED MARCH 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Deficiencies identified not considered to be material weaknesses?
 Yes None reported

Noncompliance material to financial statements noted?
 Yes None reported

Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? Yes No

Deficiencies identified not considered to be material weaknesses?
 Yes None reported

Any audit findings disclosed that are required to be reported in accordance with Uniform Audit Guidance?

Yes No

Identification of major program:

U.S. Department of Housing and Urban Development

CFDA Number

Name of Federal Program

14.871

Housing Choice Voucher Program

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

Auditee qualified as low-risk auditee? Yes No

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED MARCH 31, 2020**

Section II - Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2020.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2020.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED MARCH 31, 2020**

Section IV - Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2020.

Section V - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2020.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2020**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Section 8 Housing Management Assessment Program and did not observe any material instances of noncompliance.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED MARCH 31, 2020**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Public Housing Assessment System Program and did not note any material instances of noncompliance.