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November 9, 2021

Board of Directors
Washington Housing Authority
520 SE 2nd St
Washington, IN 47501

We have reviewed the audit report of Washington Housing Authority, which was opined upon by Audit Solutions, LLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Washington Housing Authority as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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


Paul D. Joyce, CPA
State Examiner

**HOUSING AUTHORITY OF THE CITY OF WASHINGTON
WASHINGTON, INDIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2020

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Washington
Washington, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Washington (Authority), Indiana, as of and for the year ended December 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

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-vii, the schedule of proportionate share of net pension liability (asset) on page 25 and the schedule of pension plan contributions on page 26 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as described in the table of contents and the Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, as described in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, as described in the table of contents, 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*, I have also issued my report dated June 30, 2021, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

June 30, 2021

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2020

Introduction

This Management's Discussion and Analysis (MD&A) of the Washington Housing Authority (Authority) provides an introduction and overview to the financial statements of the Washington Housing Authority for the fiscal year ended December 31, 2020. The Washington Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2020, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Washington Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has five individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program, the Neighborhood Stabilization Program, a Business Activity, and the CARES Act Program.

- The Low Rent Program consists of 190 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program (CFP) is also a formula-based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Neighborhood Stabilization Program (NSP) consists of 6 dwelling units. This program was established to revitalize and rebuild local neighborhoods. Funding is provided based on dwelling rents paid by the tenants.
- The Business Activity manages a privately owned Rural Rental Assistance Project.
- The CARES Act Program is funding received to prevent, prepare for, and respond to the coronavirus.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Overview of the Financial Statements – (Continued)

Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2020, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2020.

Financial Highlights

The Washington Housing Authority's net position increased from \$2,283,394 to \$2,539,690, an increase of \$256,296 or 11%. Total assets also increased by \$234,743 or 9%.

Total revenue increased from \$1,164,587 to \$1,483,644, an increase of \$319,057 or 27%.

Total expenses decreased by \$50,038, from \$1,277,386 to \$1,227,348 for the current year. This represents a decrease of 4%.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended December 31, 2020, and December 31, 2019.

**Summary Statement of Net Position
As of December 31, 2020 and 2019**

<u>Category</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 1,005,907	\$ 919,386	\$ 86,521	9%
Noncurrent Assets	\$ 1,770,385	\$ 1,622,163	\$ 148,222	9%
Total Assets	\$ 2,776,292	\$ 2,541,549	\$ 234,743	9%
Deferred Outflow of Resources	\$ 21,802	\$ 19,252	\$ 2,550	13%
Current Liabilities	\$ 76,618	\$ 77,798	\$ (1,180)	-2%
Noncurrent Liabilities	\$ 125,346	\$ 160,957	\$ (35,611)	-22%
Total Liabilities	\$ 201,964	\$ 238,755	\$ (36,791)	-15%
Deferred Inflow of Resources	\$ 56,440	\$ 38,652	\$ 17,788	46%
Unrestricted	\$ 769,305	\$ 661,231	\$ 108,074	16%
Net Investment in Capital Assets	\$ 1,770,385	\$ 1,622,163	\$ 148,222	9%
Total Net Position	\$ 2,539,690	\$ 2,283,394	\$ 256,296	11%

Current Assets

The Authority's current asset balances increased by \$86,521. This was primarily due to unrestricted cash/investments increasing from \$764,820 in the prior year to \$950,852 in the current year. This increase was due to operating revenues exceeding operating expenditures. In contrast, accounts receivable – HUD decreased by \$107,523.

Noncurrent Assets

The Authority's noncurrent asset balance increased primarily due to a boiler project. Please note the capital asset portion presented in a later section.

Deferred Outflow of Resources

Deferred outflow of resources increased by \$2,550 due to account balance changes reported on the 2020 pension plan document provided by INPRS.

Current Liabilities

Current liabilities decreased by \$1,180. This is primarily due to a reduction in the accrual of utilities reported as accrued liabilities – other in the amount of \$16,664. In contrast, increases occurred in deferred revenues in the amount of \$8,828, accounts payable – other government in the amount of \$5,743, and tenant security deposits in the amount of \$1,964.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Housing Authority Activities & Highlights – (Continued)

Noncurrent Liabilities

The Authority's noncurrent liability balance decreased primarily due to the recording of pension plan activity in the Indiana Public Retirement System (INPRS) in which the Authority participates. The balance recorded as pension liability decreased from \$160,957 in the prior year to \$125,346 in the current year.

Deferred Inflow of Resources

Deferred inflow of resources increased by \$17,788 due to account balance changes reported on the 2020 pension plan document provided by INPRS.

Net Position

The net position of the Authority increased by \$256,296 compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$661,231 to \$769,305, an increase of \$108,074, or 16% for the current year. This was primarily due to operating revenues exceeding operating expenditures. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines. Individual program balances that comprise the unrestricted component of net position are as follows:

Low Rent Housing Program	\$ 701,612
NSP Program	17,142
Business Activities	<u>50,551</u>
 Total Unrestricted Net Assets	 \$ <u>769,305</u>

**Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019**

Category	FYE 2020	FYE 2019	Change \$	Change %
Tenant Revenue	\$ 617,992	\$ 606,246	\$ 11,746	2%
HUD Operating Grants	\$ 616,633	\$ 476,187	\$ 140,446	29%
Capital Grants	\$ 193,173	\$ 29,477	\$ 163,696	555%
Interest Income	\$ 4,557	\$ 7,089	\$ (2,532)	-36%
Other Revenue	\$ 51,289	\$ 45,588	\$ 5,701	13%
 Total Revenue	 \$ 1,483,644	 \$ 1,164,587	 \$ 319,057	 27%
 Administration	 \$ 264,069	 \$ 295,494	 \$ (31,425)	 -11%
Tenant Service	\$ 41,138	\$ 31,978	\$ 9,160	29%
Utilities	\$ 318,869	\$ 363,746	\$ (44,877)	-12%
Ordinary Maintenance	\$ 342,710	\$ 328,449	\$ 14,261	4%
General Expense	\$ 90,777	\$ 93,568	\$ (2,791)	-3%
Extraordinary Maint/Casualty Losses	\$ 6,900	\$ 1,947	\$ 4,953	254%
Depreciation	\$ 162,885	\$ 162,204	\$ 681	0%
 Total Expenses	 \$ 1,227,348	 \$ 1,277,386	 \$ (50,038)	 -4%
 Increase (Decrease) in Net Position	 \$ 256,296	 \$ (112,799)	 \$ 369,095	 -327%
 Net Position, Beginning of Year	 \$ 2,283,394	 \$ 2,396,193	 \$ (112,799)	 -5%
 Net Position, End of Year	 \$ 2,539,690	 \$ 2,283,394	 \$ 256,296	 \$ (3)

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Results of Operations

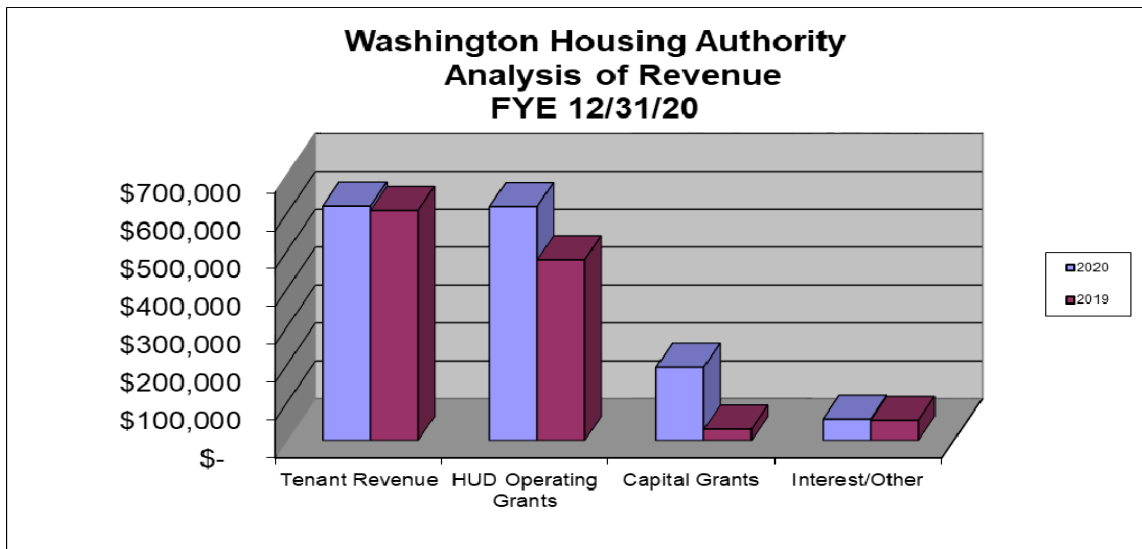
Revenues of the Authority are generated principally from Federal and State funding grant income. The Authority's revenue increased by \$319,057 compared to the previous fiscal year.

- HUD operating grants increased by \$140,446. This is primarily due to an increase in CFP operating grants in the amount of \$92,510 due to an increase in the operating expenses relating to the Low Rent Program. In addition, the Authority utilized \$46,747 in CARES Act funding in the current year.
- Capital grants increased by \$163,696. This was due to an increase in capital improvement projects associated with the CFP program.
- Interest income decreased by \$2,532 primarily due to a reduction in interest rates and investment balances.

Total expenses decreased by \$50,038. Significant variances include the following:

- Administration decreased by \$31,425 due primarily to a reduction in admin wages and benefits. Admin wages and benefits decreased due to a reduction in admin staff and staff turnover.
- Tenant services increased by \$9,160 due to the purchase of items to prevent, prepare for, and respond to the coronavirus.
- Utilities decreased by \$44,877. This was primarily due to a reduction in water and sewer costs in the amount of \$17,900. Electric also decreased by \$14,150 along with a reduction in gas expenses in the amount of \$12,827.
- Ordinary maintenance increased by \$14,261 due primarily to an increase in maintenance salary and benefits costs.
- Extraordinary maintenance/casualty losses consists of tree removal expenses.

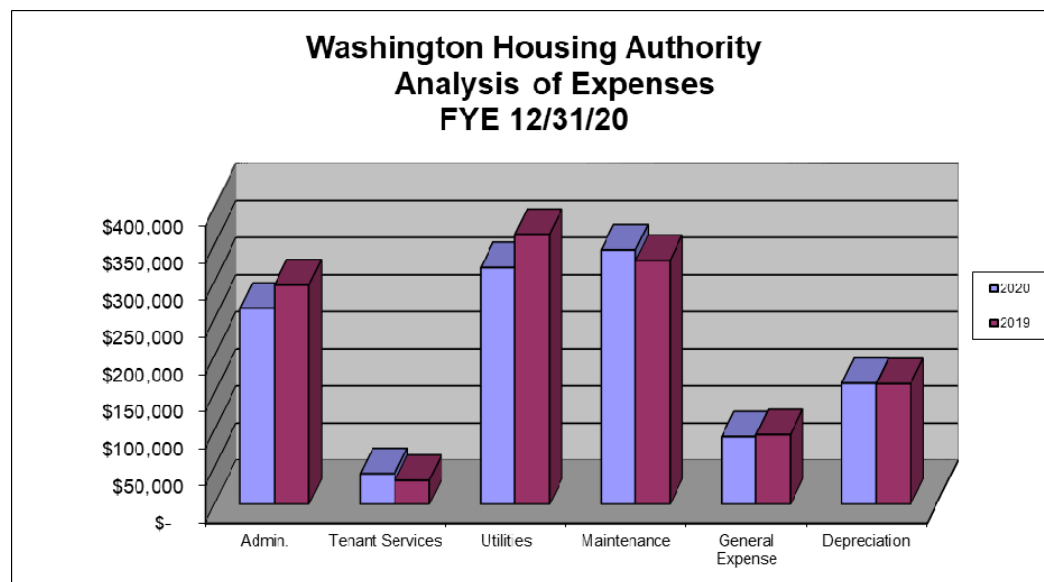
The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:



HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Results of Operations – (Continued)



Capital Assets

As of December 31, 2020, the Washington Housing Authority’s net investment in capital assets was \$1,770,385. This investment includes land, building improvements, and equipment, net of accumulated depreciation.

Category	FYE 2020	FYE 2019	Change \$	Change %
Land	\$ 99,607	\$ 99,607	\$ -	0%
Buildings	\$ 7,290,397	\$ 7,119,860	\$ 170,537	2%
Equipment	\$ 218,547	\$ 205,666	\$ 12,881	6%
Accumulated Depreciation	\$ (5,965,855)	\$ (5,802,970)	\$ (162,885)	3%
Construction in Progress	\$ 127,689	\$ -	\$ 127,689	NA
Total Net Fixed Assets	\$ 1,770,385	\$ 1,622,163	\$ 148,222	9%

Buildings increased due to a boiler, painting, and flooring projects funded by the 2016, 2017, and 2018 CFP grants.

Equipment increased due to the purchase of security cameras and a copier funded by the 2016 CFP and the Low Rent Program.

Long term Debt

Due to the Authority’s participation in the Indiana Public Retirement System, certain liabilities are required to be recorded. The amount of long-term debt associated with the pension plan as of December 31, 2020, is \$125,346.

Subsequent Event

Due to the 2020 Congressional Appropriations, the Authority’s operating subsidy provided by HUD for the Low Rent Housing Program was prorated at 97.05% for the calendar year 2020. The 2021 operating subsidy provided by HUD for the Low Rent Housing Program is estimated to be prorated at 96.29% for the calendar year 2021.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Finances in the future will be affected by predictions of proration of Operating funds in 2021. This will lower cash flow by the amount HUD determines and may cause difficulties but we will adjust accordingly. Capital Fund projects are being expended with projects such as tree removal and maintenance, boiler replacements, A/C replacements in the towers, and possibly a large project to replace existing elevators. 2018 CFP will be obligated and expended by August of 2021. Capital funds of 353k for 2019 and 2020 each are in the planning process. Budgets may need to be adjusted with HUD approval if it is determined that a new elevator system is imminent.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Washington Housing Authority
Samantha Bobbit, Executive Director
520 S.E. 2nd Street
Washington, IN 47501

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF NET POSITION
December 31, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$	899,309
Cash - restricted		24,422
Investments		51,543
Receivables - net of allowances		12,457
Inventory - net of allowances		1,077
Prepaid expenses		<u>17,099</u>

Total Current Assets 1,005,907

Non-current Assets:

Capital assets:

Land and construction in progress		227,296
Other capital assets, net of depreciation		<u>1,543,089</u>

Total capital assets - net 1,770,385

Total Non-current Assets 1,770,385

DEFERRED OUTFLOWS OF RESOURCES

Accrued pension		<u>21,802</u>
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Total Deferred Outflow of Resources 21,802

Total Assets and Deferred Outflow of Resources \$ 2,798,094

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF NET POSITION - (Continued)
December 31, 2020

LIABILITIES

Current Liabilities:

Accounts payable	\$	33,121
Accrued salaries and benefits		5,782
Tenant security deposit liability		24,422
Unearned revenues		<u>13,293</u>

Total Current Liabilities 76,618

Non-current Liabilities:

Non-current liabilities - Other		<u>125,346</u>
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Total Non-current Liabilities 125,346

Total Liabilities 201,964

DEFERRED INFLOWS OF RESOURCES

Accrued pension		<u>56,440</u>
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Total Deferred Inflow of Resources 56,440

NET POSITION

Net investment in capital assets		1,770,385
Unrestricted		<u>769,305</u>

Total Net Position 2,539,690

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 2,798,094

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020

OPERATING REVENUES	
Tenant revenue	\$ 617,992
Governmental grants and subsidy	616,633
Miscellaneous	<u>51,289</u>
Total operating revenue	<u>1,285,914</u>
OPERATING EXPENSES	
Administrative	264,069
Tenant services	41,138
Utilities	318,869
Ordinary maintenance and operations	342,710
Insurance	45,983
General	44,794
Non routine maintenance	6,900
Depreciation expense	<u>162,885</u>
Total operating expenses	<u>1,227,348</u>
Operating income (loss)	<u>58,566</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>4,557</u>
Net non-operating revenues (expenses)	<u>4,557</u>
Income (loss) before contributions and transfers	<u>63,123</u>
Capital contributions	<u>193,173</u>
Change in net position	256,296
Total net position - beginning of year	<u>2,283,394</u>
Total net position - end of year	<u><u>\$ 2,539,690</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 612,824
Received from governmental grants and subsidy	724,156
Received from other operating activities	50,630
Payments for goods and services	(673,431)
Payments to employees	(394,707)
Payment in lieu of taxes	<u>(18,167)</u>
Net cash provided by (used in) operating activities	<u>301,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	193,173
Purchases of capital assets	<u>(311,107)</u>
Net cash provided by (used in) capital and related financing activities	<u>(117,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	69,351
Receipts of interest and dividends	<u>4,625</u>
Net cash provided by (used in) investing activities	<u>73,976</u>
Net increase (decrease) in cash and cash equivalents	257,347
Cash and cash equivalents at beginning of year	<u>666,384</u>
Cash and cash equivalents at end of year	<u>\$ 923,731</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2020

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	58,566
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		162,885
Change in assets and liabilities:		
Receivables, net		103,989
Inventories, net		104
Prepaid expenses		(5,236)
Accounts and other payables		(31,752)
Tenant security deposit		1,964
Unearned revenues		26,616
Accrued expenses		<u>(15,831)</u>
Net cash provided by (used) by operating activities	\$	<u><u>301,305</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Washington (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The 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 (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and 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. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation – (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

Community Development Block Grants/State’s Program – The program was established to revitalize and rebuild local neighborhoods. Funding is provided based on dwelling rents paid by tenants. The program consists of 7 dwelling units.

Business Activities – The program manages a privately-owned Rural Rental Assistance Project.

Public Housing CARES Act - The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, and to maintain normal operations and take other necessary actions during the period the program is impacted by the pandemic.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of HUD, tenant accounts receivable, other government and accrued interest receivable.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	15-40 years
Furniture, equipment and machinery - administrative	3-5 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the security deposit fund under the Public and Indian Housing and CDBG program and CARES funds under PH-CARES program.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity - (Continued)

Compensated Absences

The Authority's policies regarding vacation time does not permit employees to carry forward unused vacation leave. As such, no liability is recorded at year end.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for pension contributions made after the actuarial measurement date and for actuarial adjustments due to the proportionate share of the contributions made to the pension liability which will be amortized over the expected average remaining service lifetime.

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The Authority has deferred inflows of resources relating to the net pension obligation reported in the Statement of Net Position. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized over a five-year period on a straight-line basis.

Equity Classifications

Equity is classified as net position and displayed in two components:

- 1) Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Unrestricted net position—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Community Development Block Grants	U.S. Department of Housing and Urban Development
Business Activities	Housing Authority
Public Housing CARES Act	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
Public Housing CARES Act	COVID related expenses

For the year ended December 31, 2020, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash Deposits and Investments

As of December 31, 2020, the Authority had the following cash deposits and investments:

Cash deposits	\$	923,331
Petty cash / change fund		400
Investments		<u>51,543</u>
Total	\$	<u><u>975,274</u></u>

Following is a reconciliation of the Authority's deposit balances as of December 31, 2020:

Cash and cash equivalents	\$	899,309
Restricted assets		24,422
Investments		<u>51,543</u>
Total	\$	<u><u>975,274</u></u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2020, the Authority's bank balances of \$969,361 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2020, the Authority's investment balance of \$51,543 was entirely covered by FDIC or PDIF insurance.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3A. Cash Deposits and Investments – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2020, the concentration of the Authority's investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ <u>51,543</u>	2/15/2022

3B. Restricted Assets

Restricted assets at December 31, 2020 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Security deposit	\$ <u>24,422</u>	<u>----</u>	\$ <u>----</u>	\$ <u>24,422</u>

3C. Accounts Receivable

Receivables at December 31, 2020 consist of the following:

Tenant account receivable	\$ 16,844
Allowance for doubtful account	<u>(8,517)</u>
Tenants - net of allowance	8,327
HUD	2,889
Other government	695
Accrued interest	<u>546</u>
Total Accounts Receivable	\$ <u>12,457</u>

3D. Inventory

Inventory at December 31, 2020 comprised of the following:

Inventory	\$ 1,197
Less: Allowance for obsolete inventory	<u>(120)</u>
Inventory - net of allowance	\$ <u>1,077</u>

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3E. Capital Assets

A summary of capital asset activity for the year ended December 31, 2020 is as follows:

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Balance December 31, 2020</u>
Non-depreciable assets:				
Land	\$ 99,607	\$ -	\$ -	\$ 99,607
Construction in progress	-	127,689	-	127,689
Total non-depreciable assets	<u>99,607</u>	<u>127,689</u>	<u>-</u>	<u>227,296</u>
Depreciable assets:				
Building	7,119,860	170,537	-	7,290,397
Equipment - administration	205,666	12,881	-	218,547
Total depreciable assets	<u>7,325,526</u>	<u>183,418</u>	<u>-</u>	<u>7,508,944</u>
Accumulated depreciation	<u>(5,802,970)</u>	<u>(162,885)</u>	<u>-</u>	<u>(5,965,855)</u>
Total depreciable assets, net	<u>1,522,556</u>	<u>20,533</u>	<u>-</u>	<u>1,543,089</u>
Capital assets, net	<u>\$ 1,622,163</u>	<u>\$ 148,222</u>	<u>\$ -</u>	<u>\$ 1,770,385</u>

Depreciation expense is charged to programs as follows:

	<u>Business-type Activities</u>
Public and Indian Housing	\$ 140,137
Public Housing Capital Fund	2,091
CDBG	<u>20,657</u>
Total depreciation expense	<u>\$ 162,885</u>

3F. Accounts Payable

Accounts payable at December 31, 2020 consist of the following:

Vendors & contractors	\$ 3,770
Accrued liabilities	5,441
PILOT	<u>23,910</u>
Total Accounts Payable	<u>\$ 33,121</u>

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3G. Non-Current Liabilities

Non-current liabilities at December 31, 2020 consists of the following:

Net pension liability \$ 125,346

Changes in non-current liabilities

The following is the summary of changes in long-term liabilities:

<u>Description</u>	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2020</u>	<u>Amounts Due within One Year</u>
Net Pension Liability	\$ <u>160,957</u>	\$ <u>---</u>	\$ <u>35,611</u>	\$ <u>125,346</u>	\$ <u>-0-</u>

3H. Inter-program Transactions and Balances

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

Operating Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
Public and Indian Housing	\$ 134,160	\$ -
Public Housing Capital Fund	-	(134,160)
Total	<u>\$ 134,160</u>	<u>\$ (134,160)</u>

NOTE 4 – OTHER NOTES

4A. Pension Plan

Description of Pension Plan

The Public Employees' Retirement Fund (PERF) is a cost-sharing, multiple-employer defined benefit plan administered by the Indiana Public Retirement Systems (INPRS). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. INPRS financial reports are available online at <https://www.in.gov/inprs>.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Membership

PERF members are officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan. New employees hired by the Authority participate in the My Choice: Retirement Savings Plan for Public Employees (My Choice) which is a defined contribution plan. PERF Hybrid consists of two component units: PERF DB, the employer-funded monthly defined benefit contribution and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component. The PERF Hybrid option is grandfathered to employees hired before July 1, 2016.

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

Contributions

The State is obligated by statute to make contributions to the PERF Hybrid Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year 2020, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State.

INPRS Basis of Accounting

The financial statement of INPRS have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

Use of Estimates

In preparing the financial statements to conform to generally accepted accounting principles, INPRS makes estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates and assumptions.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Retirement Benefits

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Employer Allocations

The allocation percentages for the Housing Authority's share of the collective pension amounts as of June 30, 2020 and 2019 was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal years ended June 30, 2020 and 2019, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the Housing Authority's proportion was 0.0000415% and related wages were reported as \$223,982.

Net Pension Liability

At December 31, 2020 and 2019, the Housing Authority reported a liability of \$125,346 and \$160,957 respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions

Measurement Date: June 30, 2020

Valuation Date: Assets: June 30, 2020

Liabilities: June 30, 2019 – The TPL as of June 30, 2020 was determined based on an actuarial valuation prepared as of June 30, 2019 rolled forward one year to June 30, 2020, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.

Inflation 2.25%

Future Salary Increases 2.5%-8.75% based on service

Cost of Living Adjustment As of June 30, 2020: In lieu of COLA on January 1, 2021, members in pay were provided a 13th check on October 1, 2020. Thereafter, the following COLA's, compounded annually, were assumed:
0.4% beginning on January 1, 2022
0.5% beginning on January 1, 2034
0.6% beginning on January 1, 2039

As of June 30, 2019: In lieu of COLA on January 1, 2020 and January 1, 2021, members in pay were provided a 13th check on October 1, 2019 and October 1, 2020. Thereafter, the following COLA's, compounded annually, were assumed:
0.4% beginning on January 1, 2022
0.5% beginning on January 1, 2034
0.6% beginning on January 1, 2039

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Actuarial Assumptions – (Continued)

Mortality Assumption Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Health Employees – General Employee table with a 3-year set forward for males and a 1 year set forward for females.

Retirees - General Retire table with a 3-year set forward for males and a 1 year set forward for females.

Beneficiaries – Contingent Survivor table with no set forward for males and a 2-year set forward for females.

Disableds - General Disabled table with a 140% load.

Discount Rate 6.75%, net of investment expenses.

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

The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of 11.2% (the current contribution rate) or a rate equal to the actuarially determined contribution rate, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations and projected covered member payroll. The June 30, 2020, actuarial valuation assumes a long-term rate of return on assets of 6.75%, a 20-year level dollar closed method for amortizing the future layers of unfunded actuarial accrued liability (30 years for amortization layers established prior to June 30, 2016), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Actuarial Assumptions – (Continued)

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

Global Asset Classes	Target Allocation	Geometric bases long-term expected real rate of return
Public equity	22.0%	4.4%
Private Markets	14.0	7.6
Fixed Income – Ex Inflation-Linked	20.0	1.9
Fixed Income – Inflation-Linked	7.0	0.5
Commodities	8.0	1.6
Real Estate	7.0	5.8
Absolute Return	10.0	2.9
Risk Parity	12.0	5.5
Total	100.00%	

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

Net Pension Liability (NPL) is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the defined benefit pension plans calculated using the discount rate of 6.75%, as well as what each plan's NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
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NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Actuarial Assumptions – (Continued)

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$204,357	\$125,346	\$59,168

Pension Expense

For the year ended December 31, 2020, the Authority recognized pension expense of \$10,095 which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between expected and actual experience	\$2,221	\$1,683
Net difference between projected and actual	10,728	0
Change of assumptions	0	26,117
Changes in proportion and differences between	494	28,640
Employer contributions subsequent to June 30, 2020	8,359	--
Total	\$21,802	\$56,440

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

Year ended June 30:	
2021	(\$15,625)
2022	(15,713)
2023	(7,858)
2024	4,558
2025	--
Thereafter	--

The Authority's balance of deferred outflows of resources of \$21,801 will be included as a reduction of the collective net pension liability in future years.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES - (Continued)

4B. Commitments - Construction

At December 31, 2020, the Authority had the following pending Capital Fund project in progress:

	<u>Funds</u> <u>Approved</u>		<u>Funds Expended -</u> <u>Project to Date</u>
CARES - PH	\$ 66,294	\$	46,747
CFP 501-18	\$ 334,669	\$	76,422

4C. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with US Specialty Insurance Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Accident Fund Insurance Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.

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

4D. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense and extraordinary maintenance and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4E. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority’s operations. Future potential impacts may include disruptions or restrictions on our employees’ ability to work or the tenants ability to pay the required monthly rent.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES - (Continued)

4E. Subsequent Events – (Continued)

Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

Management evaluated the activity of the Authority through June 30, 2021 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4F. Contingencies

1. Grants

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

2. Litigation

The Authority is a plaintiff in a three-count complaint filed against the Department of Housing and Urban Development (HUD) alleging that HUD breached their contracts by failing to make certain payments in accordance with the contracts' terms. The plaintiffs in these consolidated cases are certain public housing authorities who held contracts with HUD.

The final outcome of this case is not determinable currently and no subsequent adjustment has been made to the financial statements for this matter of litigation.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2021 federal budget.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

Schedule of the Pension Plan's Proportionate Share
of the Net Pension Liability (Asset) and Related Ratios *

Reporting Date for Employer under GASB 68 as of June 30,	Proportion of Net Pension Liability	Proportionate share of Net Pension Liability	Covered Employee Payroll **	Proportionate share of the Net Pension Liability as a percentage of covered employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.006070%	\$ 159,516	\$ 296,549	53.79%	84.29%
2015	0.005480%	\$ 223,195	\$ 262,417	85.05%	77.35%
2016	0.005390%	\$ 244,622	\$ 258,159	94.76%	75.35%
2017	0.005330%	\$ 237,800	\$ 264,461	89.92%	76.65%
2018	0.005350%	\$ 181,742	\$ 273,236	66.51%	78.89%
2019	0.004870%	\$ 160,957	\$ 253,541	63.48%	80.06%
2020	0.004150%	\$ 125,346	\$ 223,982	55.96%	81.45%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

** Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

REQUIRED SUPPLEMENTARY INFORMATION – (Continued)

December 31, 2020

Schedule of the Pension Plan's Contributions*

Reporting Date for Employer under GASB 68 as of June 30,	Actuarially determined contribution [A]	Contributions in relation to actuarially determined contribution [B]	Contribution deficiency (excess) [C] = [A] - [B]	Covered employee payroll	Contribution as a percentage covered employees payroll
2014	\$ 3,239	\$ 3,239	\$ -	\$ 296,549	1.09%
2015	\$ 29,391	\$ 29,391	\$ -	\$ 262,417	11.20%
2016	\$ 28,914	\$ 28,914	\$ -	\$ 258,159	11.20%
2017	\$ 29,620	\$ 29,620	\$ -	\$ 264,461	11.20%
2018	\$ 30,602	\$ 30,602	\$ -	\$ 273,236	11.20%
2019	\$ 28,397	\$ 28,397	\$ -	\$ 253,541	11.20%
2020	\$ 25,086	\$ 25,086	\$ -	\$ 223,982	11.20%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
December 31, 2020

1. Actual Capital Fund Program costs are as follows:

	<u>501-16</u>
Funds approved	\$ 207,915
Funds expended	<u>207,915</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 207,915
Funds expended	<u>207,915</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated June 2, 2021 submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2020.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST – (Continued)
December 31, 2020

1. Actual Capital Fund Program costs are as follows:

	<u>501-17</u>
Funds approved	\$ 215,863
Funds expended	<u>215,863</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 215,863
Funds expended	<u>215,863</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated May 7, 2021 submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2020.

3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 430,726
Public and Indian Housing - Cares Act	14.850	46,747
Public Housing Capital Fund	14.872	<u>332,333</u>
Total Expenditures of Federal Awards		\$ <u><u>809,806</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Washington, Indiana (Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$814,561		\$52,232	\$32,516	\$899,309		\$899,309
114 Cash - Tenant Security Deposits	\$20,997			\$3,425	\$24,422		\$24,422
100 Total Cash	\$835,558	\$0	\$52,232	\$35,941	\$923,731	\$0	\$923,731
122 Accounts Receivable - HUD Other Projects	\$1,296	\$1,593			\$2,889		\$2,889
124 Accounts Receivable - Other Government	\$695				\$695		\$695
126 Accounts Receivable - Tenants	\$12,785			\$4,059	\$16,844		\$16,844
126.1 Allowance for Doubtful Accounts -Tenants	-\$6,088			-\$2,429	-\$8,517		-\$8,517
129 Accrued Interest Receivable	\$546				\$546		\$546
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,234	\$1,593	\$0	\$1,630	\$12,457	\$0	\$12,457
131 Investments - Unrestricted	\$51,543				\$51,543		\$51,543
142 Prepaid Expenses and Other Assets	\$15,714		\$65	\$1,320	\$17,099		\$17,099
143 Inventories	\$1,197				\$1,197		\$1,197
143.1 Allowance for Obsolete Inventories	-\$120				-\$120		-\$120
144 Inter Program Due From	\$1,593		\$0	\$0	\$1,593	-\$1,593	\$0
150 Total Current Assets	\$914,719	\$1,593	\$52,297	\$38,891	\$1,007,500	-\$1,593	\$1,005,907
161 Land	\$97,107			\$2,500	\$99,607		\$99,607
162 Buildings	\$6,469,314			\$821,083	\$7,290,397		\$7,290,397
164 Furniture, Equipment & Machinery - Administration	\$215,047			\$3,500	\$218,547		\$218,547
166 Accumulated Depreciation	-\$5,803,745			-\$162,110	-\$5,965,855		-\$5,965,855
167 Construction in Progress	\$127,689				\$127,689		\$127,689
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,105,412	\$0	\$0	\$664,973	\$1,770,385	\$0	\$1,770,385
180 Total Non-Current Assets	\$1,105,412	\$0	\$0	\$664,973	\$1,770,385	\$0	\$1,770,385
200 Deferred Outflow of Resources	\$20,900		\$343	\$559	\$21,802		\$21,802
290 Total Assets and Deferred Outflow of Resources	\$2,041,031	\$1,593	\$52,640	\$704,423	\$2,799,687	-\$1,593	\$2,798,094

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$3,718		\$12	\$40	\$3,770		\$3,770
321 Accrued Wage/Payroll Taxes Payable	\$5,578		\$43	\$161	\$5,782		\$5,782
333 Accounts Payable - Other Government	\$20,444			\$3,466	\$23,910		\$23,910
341 Tenant Security Deposits	\$20,997			\$3,425	\$24,422		\$24,422
342 Unearned Revenue	\$12,843			\$450	\$13,293		\$13,293
346 Accrued Liabilities - Other	\$5,360			\$81	\$5,441		\$5,441
347 Inter Program - Due To	\$0	\$1,593			\$1,593	-\$1,593	\$0
310 Total Current Liabilities	\$68,940	\$1,593	\$55	\$7,623	\$78,211	-\$1,593	\$76,618
357 Accrued Pension and OPEB Liabilities	\$111,977		\$1,262	\$12,107	\$125,346		\$125,346
350 Total Non-Current Liabilities	\$111,977	\$0	\$1,262	\$12,107	\$125,346	\$0	\$125,346
300 Total Liabilities	\$180,917	\$1,593	\$1,317	\$19,730	\$203,557	-\$1,593	\$201,964
400 Deferred Inflow of Resources	\$53,090		\$772	\$2,578	\$56,440		\$56,440
508.4 Net Investment in Capital Assets	\$1,105,412	\$0	\$0	\$664,973	\$1,770,385		\$1,770,385
512.4 Unrestricted Net Position	\$701,612	\$0	\$50,551	\$17,142	\$769,305		\$769,305
513 Total Equity - Net Assets / Position	\$1,807,024	\$0	\$50,551	\$682,115	\$2,539,690	\$0	\$2,539,690
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,041,031	\$1,593	\$52,640	\$704,423	\$2,799,687	-\$1,593	\$2,798,094

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$522,683			\$35,290	\$557,973		\$557,973
70400 Tenant Revenue - Other	\$59,899			\$120	\$60,019		\$60,019
70500 Total Tenant Revenue	\$582,582	\$0	\$0	\$35,410	\$617,992	\$0	\$617,992
70600 HUD PHA Operating Grants	\$569,886	\$46,747			\$616,633		\$616,633
70610 Capital Grants	\$193,173				\$193,173		\$193,173
71100 Investment Income - Unrestricted	\$4,557			\$0	\$4,557		\$4,557
71500 Other Revenue	\$31,492		\$19,748	\$49	\$51,289		\$51,289
70000 Total Revenue	\$1,381,690	\$46,747	\$19,748	\$35,459	\$1,483,644	\$0	\$1,483,644
91100 Administrative Salaries	\$150,740		\$2,663	\$1,534	\$154,937		\$154,937
91200 Auditing Fees	\$6,435		\$15	\$50	\$6,500		\$6,500
91400 Advertising and Marketing	\$2,643				\$2,643		\$2,643
91500 Employee Benefit contributions - Administrative	\$43,238		\$849	\$464	\$44,551		\$44,551
91600 Office Expenses	\$23,334		\$224	\$691	\$24,249		\$24,249
91700 Legal Expense				\$100	\$100		\$100
91800 Travel	\$318		\$25	\$86	\$429		\$429
91900 Other	\$27,559	\$2,257	\$188	\$656	\$30,660		\$30,660
91000 Total Operating - Administrative	\$254,267	\$2,257	\$3,964	\$3,581	\$264,069	\$0	\$264,069
92100 Tenant Services - Salaries		\$3,502			\$3,502		\$3,502
92400 Tenant Services - Other	\$32,191	\$5,445			\$37,636		\$37,636
92500 Total Tenant Services	\$32,191	\$8,947	\$0	\$0	\$41,138	\$0	\$41,138
93100 Water	\$47,907			\$3	\$47,910		\$47,910
93200 Electricity	\$129,084			\$74	\$129,158		\$129,158
93300 Gas	\$54,186			\$533	\$54,719		\$54,719
93600 Sewer	\$87,065			\$17	\$87,082		\$87,082
93000 Total Utilities	\$318,242	\$0	\$0	\$627	\$318,869	\$0	\$318,869

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$133,040		\$1,212	\$8,087	\$142,339		\$142,339
94200 Ordinary Maintenance and Operations - Materials and Other	\$47,560	\$8,044		\$224	\$55,828		\$55,828
94300 Ordinary Maintenance and Operations Contracts	\$118,626	\$3,147		\$159	\$121,932		\$121,932
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,168		\$93	\$2,350	\$22,611		\$22,611
94000 Total Maintenance	\$319,394	\$11,191	\$1,305	\$10,820	\$342,710	\$0	\$342,710
96110 Property Insurance	\$22,036			\$2,149	\$24,185		\$24,185
96120 Liability Insurance	\$16,168		\$162	\$835	\$17,165		\$17,165
96130 Workmen's Compensation	\$1,138		\$12	\$40	\$1,190		\$1,190
96140 All Other Insurance	\$3,154		\$11	\$278	\$3,443		\$3,443
96100 Total insurance Premiums	\$42,496	\$0	\$185	\$3,302	\$45,983	\$0	\$45,983
96200 Other General Expenses	\$572				\$572		\$572
96210 Compensated Absences	\$6,396		\$71	\$760	\$7,227		\$7,227
96300 Payments in Lieu of Taxes	\$20,444			\$3,466	\$23,910		\$23,910
96400 Bad debt - Tenant Rents	\$11,163			\$1,922	\$13,085		\$13,085
96000 Total Other General Expenses	\$38,575	\$0	\$71	\$6,148	\$44,794	\$0	\$44,794
96900 Total Operating Expenses	\$1,005,165	\$22,395	\$5,525	\$24,478	\$1,057,563	\$0	\$1,057,563
97000 Excess of Operating Revenue over Operating Expenses	\$376,525	\$24,352	\$14,223	\$10,981	\$426,081	\$0	\$426,081
97100 Extraordinary Maintenance	\$6,900				\$6,900		\$6,900
97400 Depreciation Expense	\$142,228			\$20,657	\$162,885		\$162,885
90000 Total Expenses	\$1,154,293	\$22,395	\$5,525	\$45,135	\$1,227,348	\$0	\$1,227,348
10010 Operating Transfer In	\$134,160				\$134,160	-\$134,160	\$0
10020 Operating transfer Out	-\$134,160				-\$134,160	\$134,160	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$227,397	\$24,352	\$14,223	-\$9,676	\$256,296	\$0	\$256,296

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
11030 Beginning Equity	\$1,555,275	\$0	\$36,328	\$691,791	\$2,283,394		\$2,283,394
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$24,352	-\$24,352			\$0		\$0
11190 Unit Months Available	2268			84	2352		2352
11210 Number of Unit Months Leased	2221			83	2304		2304
11270 Excess Cash	\$745,641				\$745,641		\$745,641
11620 Building Purchases	\$294,643				\$294,643		\$294,643
11640 Furniture & Equipment - Administrative Purchases	\$12,881				\$12,881		\$12,881

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of the City of Washington
Washington, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Housing Authority of the City of Washington (Authority), Indiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued my report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, I 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Audit Solutions, LLC

Chesterfield, Missouri

June 30, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City of Washington
Washington, Indiana

Report on Compliance for Each Major Federal Program

I have audited the City of Housing Authority of the City of Washington (Authority), Indiana’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2020. The Authority’s major federal program is 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

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Audit Solutions, LLC

Chesterfield, Missouri

June 30, 2021

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Washington
Washington, Indiana

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Washington and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I 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.

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

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2020 and have issued my report thereon dated June 30, 2021. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated June 30, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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

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

Audit Solutions, LLC

Chesterfield, Missouri
June 30, 2021

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

AGREED UPON PROCEDURES
December 31, 2020

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
<u>Identification of Major programs:</u>	
➤ CFDA #14.870 Public and Indian Housing	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

The current audit report for the year ended December 31, 2020 disclosed no Financial Statement audit findings.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended December 31, 2020 disclosed no Federal Awards audit finding and questioned costs.