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December 9, 2021

Board of Commissioners
Sullivan Housing Authority
200 North Court
Sullivan, IN 47882

We have reviewed the audit report of the Sullivan Housing Authority, which was opined upon by Barry E. Gaudette, CPA, Independent Public Accountant, for the period April 1, 2020 to March 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Sullivan Housing Authority, as of March 31, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Barry E. Gaudette, CPA, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

Paul D. Joyce, CPA
State Examiner

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

**FOR THE YEAR ENDED MARCH 31, 2021
AND
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**SULLIVAN HOUSING AUTHORITY
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MARCH 31, 2021**

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INTRODUCTION

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

Independent Auditor's Report

Board of Commissioners
Sullivan Housing Authority
Sullivan County, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Sullivan Housing Authority, Indiana, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Sullivan Housing Authority, Indiana basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Sullivan Housing Authority, Indiana as of March 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sullivan Housing Authority's basic financial statements. The financial data schedule shown on pages 27 to 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the Sullivan Housing Authority, Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sullivan Housing Authority, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sullivan Housing Authority, Indiana's internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PC

October 15, 2021

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Unaudited)

As management of the Sullivan Housing Authority, we offer reviewers of this audit report this narrative discussion and analysis of the Sullivan Housing Authority's financial activities for the fiscal year ended March 31, 2021. This discussion and analysis letter of the Sullivan Housing Authority's financial performance should be read in conjunction with the auditor's opinion letter and the following financial statements.

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

FINANCIAL HIGHLIGHTS

The term "net position" refers to the difference between assets and liabilities. The Housing Authority's total net position as of March 31, 2021 was \$5,199,426. The net position decreased by \$283,136, a decrease of 5.1% from the prior fiscal year.

Revenues and contributions for the Housing Authority were \$1,458,190 for the year ended March 31, 2021. This was a decrease of \$592,595 or 28.8% from the prior fiscal year.

Expenses for the Housing Authority were \$1,741,326 for the year ended March 31, 2021. This was a decrease of \$479,478 or 21.5% from the prior fiscal year.

HUD operating grants were \$620,303 for the year ended March 31, 2021. This was a decrease of \$116,612 or 15.8% from the prior fiscal year. The capital grants were \$156,885 for the year ended March 31, 2021, a decrease of \$434,431 or 73.4% from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required Financial Statements

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

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

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

Notes to the Financial Statements

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

Supplemental Information

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

FUND STATEMENTS

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

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

FUND STATEMENTS (Continued)

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

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

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the following table, assets exceeded liabilities by \$5,199,426 at the close of the year ended March 31, 2021 a decrease from \$5,482,562 in the year ended March 31, 2020.

The unrestricted net position was \$299,544 as of March 31, 2021, which can be used to meet the Housing Authority's ongoing obligations. The Housing Authority had no net position classified as restricted. At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position.

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENTS OF NET POSITION

	<u>03/31/21</u>	<u>03/31/20</u>	<u>Dollar Change</u>
Current and other assets	\$ 435,134	\$ 520,920	\$ (85,786)
Capital assets, net	5,796,929	5,111,014	685,915
Total Assets	<u>6,232,063</u>	<u>5,631,934</u>	<u>600,129</u>
Current liabilities	135,590	149,372	(13,782)
Long term debt	897,047	0	897,047
Total Liabilities	<u>1,032,637</u>	<u>149,372</u>	<u>883,265</u>
Net Position:			
Net Investment in capital assets	4,899,882	5,111,014	(211,132)
Unrestricted net position	<u>299,544</u>	<u>371,548</u>	<u>(72,004)</u>
Total Net Position	<u>\$ 5,199,426</u>	<u>\$ 5,482,562</u>	<u>\$ (283,136)</u>

Total current assets decrease of \$85,786 was due, in large part, to a decrease in cash flow of \$50,446 and decrease in accounts receivables of \$34,386.

Current liabilities decreased by \$(13,782), in large part, due to accrued wages and payroll taxes payables decreasing by \$(10,858), accrued compensated absences increasing by \$7,042, and accounts payable PILOT decreasing of \$(7,585).

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

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

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

FINANCIAL ANALYSIS (Continued)

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

	<u>03/31/21</u>	<u>03/31/20</u>	<u>Dollar Change</u>
Revenues and contributions			
Operating, non operating, capital contributions:			
Tenant revenue	\$ 617,114	\$ 672,085	\$ (54,971)
Tenant revenue – other	839	897	(58)
Total Tenant revenue	<u>617,953</u>	<u>672,982</u>	<u>(55,029)</u>
HUD operating grants	620,303	736,915	(116,612)
Capital grants	156,885	591,316	(434,431)
Investment income	587	3,775	(3,188)
Other revenue	62,462	45,797	16,665
Total Revenues and Contributions	<u>1,458,190</u>	<u>2,050,785</u>	<u>(592,595)</u>
Expenses			
Personnel services	462,977	486,769	(23,792)
Tenant services	40,282	17,034	23,248
Utilities	361,371	340,557	20,814
Maintenance	285,247	345,549	(60,302)
Insurance	105,388	97,558	7,830
General expenses	118,044	238,433	(120,389)
Casualty Losses	0	31,697	(31,697)
Depreciation	368,017	663,207	(295,190)
Total Expenses	<u>1,741,326</u>	<u>2,220,804</u>	<u>(479,478)</u>
Change in net position	(283,136)	(170,019)	(113,117)
Beginning net position	5,482,562	5,652,581	(170,019)
Ending position	<u>\$ 5,199,426</u>	<u>\$ 5,482,562</u>	<u>\$ (283,136)</u>

Revenues:

As can be seen in the above table total revenues and contributions decreased by \$592,595 in large part, due to capital grants decreasing by \$434,431, operating grants decreasing by \$116,612, and tenant revenue decreasing \$55,029 offset by increasing other revenues of \$16,665.

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

FINANCIAL ANALYSIS (Continued)

Sullivan Housing Authority's primary revenue sources are subsidies and grants received by HUD. Please note that Capital Fund Program grants are classified as either soft cost revenue or hard cost revenue. For the year ending March 31, 2021, revenue generated by the Housing Authority accounted for \$617,953 (or 42.3% of total revenue), while HUD contributions accounted for \$777,188 (or 53.3% of total revenue).

Expenses:

Total expenses for the year ending March 31, 2021 were \$1,741,326 while for the year ending March 31, 2020 the expenses were \$2,220,804. This represents a 21.5% decrease in our operating costs.

The following represents changes in Federal Assistance received:

	<u>03/31/21</u>	<u>03/31/20</u>	<u>Dollar Change</u>
Public Housing Operating Subsidy	\$ 495,030	\$ 525,007	\$ (29,977)
Capital Fund Program	232,440	803,224	(570,784)
Public Housing CARES Act	49,718	0	49,718
Total	<u>\$ 777,188</u>	<u>\$ 1,328,231</u>	<u>\$ (551,043)</u>

The above chart is segregated as to the Program source of funds, not the use of funds. The subsidy for Public Housing decreased mainly due to HUD decreasing its funding formula amount for the Housing Authority. The decrease in the Capital Fund Program was due to the CFP grants received last fiscal year was more than one year's grant.

Budget Analysis:

A Low Rent Public Housing Operating Budget for the fiscal year ending March 31, 2021 was presented to and approved by the Board of Commissioners. Actual results were in line with the budgeted amounts.

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

OPERATIONAL HIGHLIGHTS

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

	03/31/21	03/31/20
Low Rent Public Housing Program	244	255

The Housing Authority had a lease up rate of 93.5% in the Low Rent program for the fiscal year.

CAPITAL ASSETS

The Sullivan Housing Authority's investment in capital assets, as of March 31, 2021 amounts to \$5,796,929 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. See additional details at Note C.

CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
March 31,

	2021	2020	Dollar Change
Land	\$ 131,925	\$ 131,925	\$ 0
Buildings	18,494,943	17,648,430	846,513
Furniture, equipment and machinery			
- dwellings	458,383	458,383	0
Furniture, equipment and machinery			
- administration	703,417	723,605	(20,188)
Construction in progress	897,047	728,669	168,378
	20,685,715	19,691,012	994,703
Accumulated depreciation	(14,888,786)	(14,579,998)	(308,788)
Total	\$ 5,796,929	\$ 5,111,014	\$ 685,915

Capital assets increased by \$685,915 because of the capital outlays of \$994,703, depreciation expense of \$(368,017), and depreciation adjustment of \$59,229.

The Housing Authority added new heating and cooling units in Court Plaza, new computers and network upgrades for the office, and replaced entry doors, modernized bathrooms in the community space, and replaced flooring at Sunrise Towers.

Sullivan Housing Authority
Management's Discussion and Analysis (MD&A)
March 31, 2021
(Continued)

CAPITAL ASSETS (CONTINUED)

Capital projects planned for the next year include the following:

The planned capital expenditures for the next year include ongoing operations, repairing and replacing roofs as needed, and repairing asphalt on parking lots.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

REQUEST FOR INFORMATION

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

Toni Anderson, Executive Director
Sullivan Housing Authority
200 Sunrise Towers
Sullivan, Indiana 47882

FINANCIAL STATEMENTS

Sullivan Housing Authority
Statement of Net Position
March 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 374,347
Accounts receivable- net	19,211
Prepaid expenses	41,576
Total Current Assets	435,134

Capital Assets:

Land	131,925
Buildings	18,494,943
Equipment	1,161,800
Construction in progress	897,047
	20,685,715
Less: accumulated depreciation	(14,888,786)
Net Capital Assets	5,796,929

Total Assets	\$ 6,232,063
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LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 39,245
Accrued expenses	24,843
Tenant security deposit liability	68,750
Unearned revenue	2,752
Total Current Liabilities	135,590

Long term debt	897,047
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Total Liabilities	1,032,637
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Net Position:

Net investment in capital assets	4,899,882
Unrestricted net position	299,544
Total Net Position	5,199,426

Total Liabilities and Net Position	\$ 6,232,063
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See notes to financial statements

Sullivan Housing Authority
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended March 31, 2021

OPERATING REVENUES:

Dwelling rent	\$	617,953
Operating grants		<u>620,303</u>
Total operating revenues		<u>1,238,256</u>

OPERATING EXPENSES:

Administrative		316,073
Tenant services		40,282
Utilities		361,371
Maintenance		497,020
Insurance		105,388
General expenses		53,175
Depreciation		<u>368,017</u>
Total operating expenses		<u>1,741,326</u>

Operating income (loss)		<u>(503,070)</u>
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NONOPERATING REVENUES:

Investment income		587
Other revenue		<u>62,462</u>
Total non operating revenues		<u>63,049</u>

CAPITAL CONTRIBUTIONS

		<u>156,885</u>
Change in net position		(283,136)
Net position, beginning		<u>5,482,562</u>
Net position, ending	\$	<u><u>5,199,426</u></u>

See notes to financial statements

Sullivan Housing Authority
Statement of Cash Flows
Year Ended March 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from dwelling and non dwelling rents	\$ 615,944
Cash received from operating grants	655,708
Cash payments to other suppliers of goods and services	(884,836)
Cash payments to employees for services	(466,793)
Payments in lieu of taxes	<u>(33,243)</u>
Net cash (used) by operating activities	<u>(113,220)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Tenant security deposits	<u>(275)</u>
Net cash provided by noncapital financing activities	<u>(275)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments for capital acquisitions	(1,053,932)
Capital grants	156,885
Proceeds from debt	<u>897,047</u>
Net cash provided by capital and related financing activities	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Other revenue	62,462
Receipts of interest income	<u>587</u>
Net cash provided by investing activities	<u>63,049</u>
Net increase (decrease) in cash	(50,446)
Cash and cash equivalents, beginning	<u>424,793</u>
Cash and cash equivalents, ending	<u><u>\$ 374,347</u></u>

See notes to financial statements

Sullivan Housing Authority
Statement of Cash Flows (Continued)
Year Ended March 31, 2021

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

Operating income (loss)	\$	(503,070)
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		368,017
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		(1,019)
Accounts receivable-HUD		35,405
Prepaid expenses		954
Increase (decrease) in liabilities:		
Accounts payable-trade		(1,116)
Accounts payable-other government		(7,585)
Accrued wages/payroll taxes payable		(10,858)
Accrued compensated absences		7,042
Unearned revenue		(990)
		(113,220)
Net cash (used) by operating activities	\$	(113,220)

See notes to financial statements

Sullivan Housing Authority
Notes to Financial Statements
March 31, 2021

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

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

1. Reporting Entity

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

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 244 federal public housing units through this program.

Public Housing Capital Fund

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

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

1. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

2. Measurement Focus

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

3. Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

4. Budgets and Budgetary Accounting

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

5. Cash and Cash Equivalents

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

6. Tenant Accounts Receivable and Allowance for Bad Debts

Tenant accounts receivable are stated at net rent amounts. Tenant accounts generally are collectible as long as the tenant is occupying the unit; thus, no allowance for bad debts has been established by management. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit and after procedures have been followed to recover outstanding amounts, is charged as a reduction of rental revenue.

7. Prepaid Expenses

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

8. Compensated Absences

Housing Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days according to contract or personnel policies. In the event of termination by retirement or death, an employee is paid for accumulated sick days according to contract or personnel policies.

9. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended March 31, 2021, there were inter-program receivables and payables of \$1,559 and an operating transfer of \$35,305.

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

10. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20	-	40 years
Building improvements	7	-	20 years
Site improvements	5	-	20 years
Equipment and furnishings	3	-	10 years

Land and land improvements include approximately \$131,925 of capitalized land that is not subject to depreciation.

11. Income Taxes

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

12. Use of Estimates

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

13. Deferred Outflows/Inflows of Resources

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

The Housing Authority does not have any items that qualifies for reporting in these categories.

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

14. Unearned Revenue

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

15. Comparative Data

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

16. Net Position

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

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

17. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including October 15, 2021, which is the date the financial statements were available to be issued.

NOTE B: CASH AND CASH EQUIVALENTS

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

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

Cash – operations	\$	50,349
Money market account		<u>323,998</u>
Total	\$	<u>374,347</u>

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of March 31, 2021:

Bank deposits (checking, certificate of deposit, money market accounts)	\$	374,247
Petty cash		<u>100</u>
Total	\$	<u>374,347</u>

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, Sullivan Housing Authority's deposits may not be returned to it. At year end, the Housing Authority had no bank deposits (checking accounts) that were uninsured and uncollateralized. The Housing Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Housing Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021, was as follows:

	<u>Balance 03/31/20</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 03/31/21</u>
Low Rent Program				
Land	\$ 131,925	\$ 0	\$ 0	\$ 131,925
Buildings	17,648,430	846,513	0	18,494,943
Furniture, equipment & machinery - dwellings	458,383	0	0	458,383
Furniture, equipment & machinery - administration	723,605	0	(20,188)	703,417
Construction in progress	728,669	168,378	0	897,047
	<u>19,691,012</u>	<u>\$ 1,014,891</u>	<u>\$ (20,188)</u>	<u>20,685,715</u>
Less accumulated depreciation	<u>(14,579,998)</u>	<u>\$ (368,017)</u>	<u>\$ 59,229</u>	<u>(14,888,786)</u>
Total	<u>\$ 5,111,014</u>			<u>\$ 5,796,929</u>

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

Business-type activities:

Low Rent Program \$ 368,017

NOTE D: COMMITMENTS AND CONTINGENCIES**Commitments – Construction**

At March 31, 2021, the Housing Authority had the following capital fund grants:

	<u>IN36P034501-18</u>	<u>IN36P034501-19</u>	<u>IN36P034501-20</u>
Funds Approved	\$ 479,115	\$ 537,769	\$ 574,455
Funds Expended	(479,115)	(528,268)	(117,174)
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 9,501</u>	<u>\$ 457,281</u>
Funds Advanced (HUD Grants)	\$ 479,115	\$ 528,268	\$ 117,174
Funds Expended	(479,115)	(528,268)	(117,174)
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The audited costs for the 2018 CFP agree with the amounts disbursed.

NOTE D: COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies

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

NOTE E: LONG TERM DEBT

The following is a summary of changes in long term debt for the year ended March 31, 2021:

	<u>Balance</u> <u>3/31/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/21</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
EPC Note	\$ 0	\$ 897,047	\$ (0)	\$ 897,047	\$ 0

The interest expense associated with all of the debt service of the Authority totaled \$0 for the year ended March 31, 2021.

Energy Performance Contract – On July 13, 2020, the Authority entered into a equipment lease/purchase agreement with Signature Public Funding Corp to purchase, acquire, and lease certain new equipment including without limitation various improvements, lighting, showerheads, aerators, thermostats, and heat pumps purchased from Johnson Controls, Inc. in the amount of \$1,861,538 at an interest rate of 3.15%. The note matures on July 13, 2035. As of March 31, 2021, the future principal and interest maturities for the note payable are as follows for the years ending March 31:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Payment</u>
2022	\$ 58,638	\$ 82,500	\$ 141,138
2023	56,040	89,333	145,373
2024	53,226	95,462	148,688
2025	50,218	102,962	153,180
2026	46,975	95,237	142,212
Thereafter	264,528	1,396,044	1,660,572
Total	<u>\$ 529,625</u>	<u>\$ 1,861,538</u>	<u>\$ 2,391,163</u>

NOTE E: RISK MANAGEMENT

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

OTHER INFORMATION

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

Independent Accountant’s Report on Applying Agree-Upon Procedure

To the Board of Commissioners
Sullivan Housing Authority

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Sullivan Housing Authority (the “Authority”) and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and the U.S. Department of Housing and Urban Development, PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

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

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Sullivan Housing Authority as of and for the year ended March 31, 2021, and have issued our reports thereon dated October 15, 2021. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated October 15, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

Independent Accountant’s Report on Applying Agreed-Upon Procedure

Page Two

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

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

Barry E. Gaudette, CPA, PC

October 15, 2021

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

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

Sullivan Housing Authority
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended March 31, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor	Type	Federal CFDA #	Expenditures
<u>U.S. Department of HUD</u>			
Public and Indian Housing:			
Public Housing Program	B- Nonmajor	14.850	\$ 495,030
Public Housing Capital Fund	B- Nonmajor	14.872	232,440
Public Housing CARES Act Funding	B- Nonmajor	14.PHC	<u>49,718</u>
Total Federal Financial Awards			<u>\$ 777,188</u>
Threshold for Type A/Type B Program			<u>\$ 750,000</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended March 31, 2021. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

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

**Sullivan Housing Authority
Financial Data Schedule
Year Ended March 31, 2021**

FDS Line Item No.		Low Rent Program 14.850	Public Housing CARES Act 14.PHC	Subtotal
	ASSETS			
	Current assets:			
111	Cash-unrestricted	\$ 302,845	0	\$ 302,845
114	Cash-tenant security deposits	68,750	0	68,750
115	Cash-restricted for payment of current liabilities	2,752	0	2,752
100	Total cash	<u>374,347</u>	<u>0</u>	<u>374,347</u>
	Receivables:			
122	A/R-HUD other projects	9,501	1,559	11,060
126	A/R-tenants	8,151	0	8,151
120	Total receivables, net	<u>17,652</u>	<u>1,559</u>	<u>19,211</u>
	Other Current Assets:			
142	Prepaid expenses	41,576	0	41,576
144	Inter program due from	1,559	0	1,559
150	Total current assets	<u>435,134</u>	<u>1,559</u>	<u>436,693</u>
	Noncurrent Assets:			
	Fixed Assets:			
161	Land	131,925	0	131,925
162	Buildings	18,494,943	0	18,494,943
163	Furn, equip & mach-dwell	458,383	0	458,383
164	Furn, equip & mach-admin	703,417	0	703,417
166	Accumulated depreciation	(14,888,786)	0	(14,888,786)
167	Construction in progress	897,047	0	897,047
160	Total fixed assets, net	<u>5,796,929</u>	<u>0</u>	<u>5,796,929</u>
180	Total non-current assets	<u>5,796,929</u>	<u>0</u>	<u>5,796,929</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 6,232,063</u>	<u>1,559</u>	<u>\$ 6,233,622</u>

<u>Eliminations</u>	<u>Totals</u>
\$ 0	\$ 302,845
0	68,750
0	2,752
<u>0</u>	<u>374,347</u>
0	11,060
0	8,151
<u>0</u>	<u>19,211</u>
0	41,576
<u>(1,559)</u>	<u>0</u>
<u>(1,559)</u>	<u>435,134</u>
0	131,925
0	18,494,943
0	458,383
0	703,417
0	(14,888,786)
0	897,047
<u>0</u>	<u>5,796,929</u>
<u>0</u>	<u>5,796,929</u>
<u>\$ (1,559)</u>	<u>\$ 6,232,063</u>

Sullivan Housing Authority
Financial Data Schedule
(Continued)
Year Ended March 31, 2021

FDS Line Item No.	Low Rent Program 14.850	Public Housing Cares Act 14PHC	Subtotal
LIABILITIES and NET POSITION			
Current liabilities:			
312	\$ 13,587	\$ 0	\$ 13,587
321	5,435	0	5,435
322	19,408	0	19,408
333	25,658	0	25,658
341	68,750	0	68,750
342	2,752	0	2,752
347	0	1,559	1,559
310	<u>135,590</u>	<u>1,559</u>	<u>137,149</u>
351	897,047	0	897,047
350	<u>897,047</u>	<u>0</u>	<u>897,047</u>
300	<u>1,032,637</u>	<u>1,559</u>	<u>1,034,196</u>
Net Position:			
508.4	4,899,882	0	4,899,882
512.4	299,544	0	299,544
513	<u>5,199,426</u>	<u>0</u>	<u>5,199,426</u>
600	<u>\$ 6,232,063</u>	<u>\$ 1,559</u>	<u>\$ 6,233,622</u>

<u>Eliminations</u>	<u>Total</u>
\$ 0	\$ 13,587
0	5,435
0	19,408
0	25,658
0	68,750
0	2,752
<u>(1,559)</u>	<u>0</u>
(1,559)	135,590
<u>0</u>	<u>897,047</u>
0	897,047
<u>(1,559)</u>	<u>1,032,637</u>
0	4,899,882
<u>0</u>	<u>299,544</u>
<u>0</u>	<u>5,199,426</u>
<u>\$ (1,559)</u>	<u>\$ 6,232,063</u>

Sullivan Housing Authority
Financial Data Schedule
(Continued)
Year Ended March 31, 2021

FDS Line Item No.		Low Rent Program 14.850	Capital Fund Program 14.872	Public Housing Cares Act 14.PHC
	Revenues			
70300	Net tenant rental revenue	\$ 617,114	\$ 0	\$ 0
70400	Tenant revenue-other	839	0	0
70500	Total tenant revenue	617,953	0	0
70600	HUD PHA operating grants	495,030	75,555	49,718
70610	Capital grants	0	156,885	0
71100	Investment income-unrestricted	587	0	0
71500	Other revenue	62,462	0	0
70000	Total revenue	1,176,032	232,440	49,718
	Expenses			
	Administrative:			
91100	Administrative salaries	174,702	30,000	3,464
91200	Auditing fees	6,500	0	0
91400	Advertising and marketing	3,600	0	0
91500	Employee benefit contributions	43,038	0	0
91600	Office expenses	21,631	0	0
91800	Travel	0	0	0
91900	Other	24,162	0	8,976
91000	Total operating-administrative	273,633	30,000	12,440
	Tenant services:			
92400	Tenant services-other	32,842	0	7,440
92500	Total tenant services	32,842	0	7,440
	Utilities:			
93100	Water	55,931	0	0
93200	Electricity	136,901	0	0
93300	Gas	13,715	0	0
93600	Sewer	144,101	0	0
93800	Other utilities expense	10,723	0	0
93000	Total utilities	361,371	0	0
	Ordinary maintenance and operations:			
94100	Labor	145,715	0	10,607
94200	Materials and other	55,622	0	19,231
94300	Contracts	210,394	0	0
94500	Employee benefit contributions	55,451	0	0
94000	Total maintenance	467,182	0	29,838

<u>Eliminations</u>	<u>Total</u>
\$ 0	\$ 617,114
0	839
<hr/> 0	<hr/> 617,953
0	620,303
0	156,885
0	587
0	62,462
<hr/> 0	<hr/> 1,458,190
0	208,166
0	6,500
0	3,600
0	43,038
0	21,631
0	0
0	33,138
<hr/> 0	<hr/> 316,073
0	40,282
<hr/> 0	<hr/> 40,282
0	55,931
0	136,901
0	13,715
0	144,101
0	10,723
<hr/> 0	<hr/> 361,371
0	156,322
0	74,853
0	210,394
0	55,451
<hr/> 0	<hr/> 497,020

Sullivan Housing Authority
Financial Data Schedule
(Continued)
Year Ended March 31, 2021

FDS Line Item No.		Low Rent Program 14.850	Capital Fund Program 14.872	Public Housing Cares Act 14.PHC
	Expenses (continued)			
	Insurance:			
96110	Property insurance	66,640	0	0
96120	Liability insurance	17,011	0	0
96130	Workmen's compensation	13,437	0	0
96140	All other insurance	8,300	0	0
96100	Total insurance premiums	<u>105,388</u>	<u>0</u>	<u>0</u>
	Other general expenses:			
96200	Other	0	10,250	0
96210	Compensated absences	7,042	0	0
96300	Payments in lieu of taxes	25,658	0	0
96400	Bad debt – tenant rents	10,225	0	0
96000	Total other general expenses	<u>42,925</u>	<u>10,250</u>	<u>0</u>
96900	Total operating expenses	<u>1,283,341</u>	<u>40,250</u>	<u>49,718</u>
97000	Excess revenue over operating expenses	<u>(107,309)</u>	<u>192,190</u>	<u>0</u>
	Other Expenses:			
97200	Casualty losses- non capitalized	0	0	0
97400	Depreciation expense	368,017	0	0
	Total other expense	<u>368,017</u>	<u>0</u>	<u>0</u>
90000	Total expenses	<u>1,651,358</u>	<u>40,250</u>	<u>49,718</u>
	Other Financing Sources (Uses):			
10010	Operating transfers in	35,305	0	0
10020	Operating transfers out	0	(35,305)	0
10100	Total other financing sources (uses)	<u>35,305</u>	<u>(35,305)</u>	<u>0</u>
10000	Excess(deficiency) of revenue over(under) expenses	(440,021)	156,885	0
11040	Equity transfer in (out)	156,885	(156,885)	0
11030	Beginning net position	<u>5,482,562</u>	<u>0</u>	<u>0</u>
	Ending net position	<u>\$ 5,199,426</u>	<u>\$ 0</u>	<u>\$ 0</u>
11190	Unit months available	2,928		
11210	Unit months leased	2,738		

<u>Eliminations</u>	<u>Total</u>
0	66,640
0	17,011
0	13,437
0	8,300
<u>0</u>	<u>105,388</u>
0	10,250
0	7,042
0	25,658
0	10,225
<u>0</u>	<u>53,175</u>
<u>0</u>	<u>1,373,309</u>
<u>0</u>	<u>84,881</u>
0	0
0	368,017
<u>0</u>	<u>368,017</u>
<u>0</u>	<u>1,741,326</u>
(35,305)	0
35,305	0
<u>0</u>	<u>0</u>
0	(283,136)
0	0
0	5,482,562
<u>\$ 0</u>	<u>\$ 5,199,426</u>

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Traverse City, Michigan 49686

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Sullivan Housing Authority, Indiana, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Sullivan Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sullivan Housing Authority, Indiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Barry E. Gaudette, CPA, PC

October 15, 2021

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Sullivan Housing Authority, Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Sullivan Housing Authority, Indiana's major federal programs for the year ended March 31, 2021. Sullivan Housing Authority, Indiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Sullivan Housing Authority, Indiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Report on Internal Control over Compliance

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

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

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

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

Barry E. Gaudette, CPA, PC

October 15, 2021

**Sullivan Housing Authority
Status of Prior Audit Findings
March 31, 2021**

There were no prior year findings.

Sullivan Housing Authority
Schedule of Findings and Questioned Costs
March 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	none reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Audit Requirements for Federal Awards</i> (Uniform Guidance)?	No

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Findings Related to the Financial Statements

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

Section III - Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs.