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January 19, 2022

Board of Commissioners
Housing Authority of the City of South Bend
510 Alonzo Watson Drive
South Bend, IN 46601

We have reviewed the audit report of the Housing Authority of the City of South Bend, which was opined on by Berman Hopkins Wright & LaHam CPAs and Associates, LLP, for the period October 1, 2019 to September 30, 2020. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the City of South Bend Housing Authority, as of September 30, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on pages 41-49. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 59-63.

In our opinion, Berman Hopkins Wright & LaHam CPAs and Associates prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

Paul D. Joyce, CPA
State Examiner

**HOUSING AUTHORITY
OF SOUTH BEND**

**Basic
Financial Statements and
Supplementary
Information**

September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of South Bend
South Bend, Indiana

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 of America. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority's business-type activities as of September 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The accompanying financial data schedule and schedule of program costs and advances are presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and are not a required part of the financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements of the Authority.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Authority'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 Authority's internal control over financial reporting and compliance.

December 27, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of the Housing Authority of South Bend (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Catherine Lamberg, Executive Director, Housing Authority of South Bend, 501 Alonzo Watson Dr. South Bend, IN 46601.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of September 30, 2020 by \$4,929,591 (net position).
- The Authority's total cash balances as of September 30, 2020 were \$3,586,016, representing an increase of \$2,175,506.
- The Authority had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$17,910,389, which includes funds for capital asset activities.
- The Authority's liabilities include amounts due to HUD of \$1,169,059 consisting of repayment agreements and other amounts due that resulted from reviews performed in 2014 and 2020 by the U.S. Department of Housing and Urban Development Quality Assurance Division.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of capital assets. The following statements are included:

- **Statement of Net Position** - reports the Authority's assets, liabilities and net position at the end of the fiscal year. You can think of the Authority's net position as the difference between what the Authority owns (assets) and what the Authority owes (liabilities).
- **Statement of Revenues, Expenses, and Changes in Net Position** - presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in the future periods.

Overview of Financial Statement (continued)

- **Statement of Cash Flows** - presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. receivables, notes receivable etc.).
- **Notes to the Basic Financial Statements** - provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplementary information. This information is to provide more detail on the Authority’s various programs and the required information mandated by regulatory bodies that fund the Authority’s various programs.

Financial Analysis

	<u>Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Current assets	\$ 4,062,798	\$ 1,643,563	\$ 2,419,235
Capital assets, net	5,439,955	6,134,451	(694,496)
Total assets	<u>9,502,753</u>	<u>7,778,014</u>	<u>1,724,739</u>
Current liabilities	3,297,026	1,043,093	2,253,933
Due to HUD - noncurrent	1,140,734	978,815	161,919
Other noncurrent liabilities	135,402	118,243	17,159
Total liabilities	<u>4,573,162</u>	<u>2,140,151</u>	<u>2,433,011</u>
Net investment in capital assets	5,439,955	6,134,451	(694,496)
Restricted net position	1,401,636	1,182,007	219,629
Unrestricted net position	<u>(1,912,000)</u>	<u>(1,678,595)</u>	<u>(233,405)</u>
Total net position	<u>\$ 4,929,591</u>	<u>\$ 5,637,863</u>	<u>\$ (708,272)</u>

Current Assets increased by \$2,419,235 primarily due to an increase in cash of \$2,175,506 related to unspent amounts from CARES Act funding.

Net Capital Assets decreased by \$694,496 mainly due to depreciation expense of \$1,058,664 offset by current year additions of \$364,168.

Financial Analysis (continued)

Current Liabilities reflect an increase of \$2,253,933 mainly due to unearned CARES Act revenue for amounts received but not yet spent.

Net Position - The difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources) is its net position. Net position is categorized as one of three types:

1. **Net investment in capital assets** - The Authority's capital asset balance, net of accumulated depreciation and related long-term debt as of September 30, 2020 is \$5,439,955.
2. **Restricted** - The Authority's net position whose use is subject to constraints imposed by law or agreement. The statement of net position of the Authority reports \$1,401,636 of restricted net position which consists entirely of Section 8 Housing Choice Voucher HAP reserves.
3. **Unrestricted** - The Authority's net position that is neither invested in capital assets nor restricted which change principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors. The Authority has a deficit of \$1,912,000 in unrestricted net position as of September 30, 2020. The deficit results from the Authority not having enough restricted assets to cover the equity balance of Housing Assistance Payments.

Financial Analysis (continued)

	<u>Changes in Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Operating revenue			
HUD revenue	\$ 17,646,453	\$ 16,265,029	\$ 1,381,424
Other revenue	2,305,424	2,746,020	(440,596)
Total operating revenue	<u>19,951,877</u>	<u>19,011,049</u>	<u>940,828</u>
Operating expenses			
Administrative	2,087,716	2,368,471	(280,755)
Tenant services	86,006	36,298	49,708
Utilities	626,933	540,474	86,459
Maintenance	1,900,418	2,245,386	(344,968)
Protective services	178,941	244,998	(66,057)
General	932,143	867,345	64,798
Depreciation	1,058,664	1,139,502	(80,838)
Housing assistance payments	14,181,127	12,744,878	1,436,249
Total operating expenses	<u>21,051,948</u>	<u>20,187,352</u>	<u>864,596</u>
Operating loss	(1,100,071)	(1,176,303)	76,232
Non operating revenues			
Other	1,198	10,543	(9,345)
Capital contributions	<u>263,936</u>	<u>808,093</u>	<u>(544,157)</u>
Change in net position	(834,937)	(357,667)	(477,270)
Total net position - beginning	5,637,863	5,995,530	(357,667)
Prior period adjustment	<u>126,665</u>	<u>-</u>	<u>126,665</u>
Total net position - ending	<u>\$ 4,929,591</u>	<u>\$ 5,637,863</u>	<u>\$ (708,272)</u>

HUD Revenue increased by \$1,381,424 during the fiscal year ending 2020. This is mainly due to an increase in Housing Choice Voucher subsidy of \$1,550,622.

Other Revenue decreased by \$440,596 during the fiscal year ending 2020. This is mainly due to decreases on net tenant revenue of \$297,601 and other operating revenue of \$142,995 due to ramifications from the COVID-19 Pandemic.

Total Operating Expenses increased by \$864,596 during the fiscal year ending 2020 as compared to the fiscal year ending 2019. This is primarily a result of increases in housing assistance payments offset by decreases in administrative expenses and maintenance expense. Housing assistance payments increased by \$1,436,249 mainly due to utilization and per unit cost increase. Administrative expenses decreased by \$280,755 due to staff vacancies. Maintenance costs decreased by \$344,968 due to a decrease in Capital Fund Program utilization.

Financial Analysis (continued)

Capital Contributions decreased by \$544,157 during fiscal year 2020 as compared to the prior fiscal year. The decrease is primarily due to reduction of capital activity as a result of personnel turnover and the COVID-19 shutdown during the spring and summer months of 2020.

Capital Asset and Debt Activity

During the fiscal year 2020, the Authority's net capital assets decreased by \$694,496 mainly due to depreciation expense of \$1,058,664 offset by current year additions of \$364,168. Current year additions primarily consist of vehicle purchases to replace outdated fleet and computer equipment to allow remote operation during the COVID-19 pandemic.

At the end of the fiscal year 2020, the Authority had no long-term debt.

Factors Affecting Next Year's Budget

The Authority is primarily dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher and Capital Fund programs; 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 and 2022 federal budgets.

Economic Factors and Events Affecting Operations

The Housing Authority has been under review with the HUD's Quality Assurance Division (QAD) office for its voucher rental assistance and homeownership program several times and the financial reviews of voucher program resulted in repayment agreements due to the mismanagement and inadequate financial controls in place from the previous administration. Carrying the liability owed to HUD is a tremendous burden to the agency as repayments must be made from non-federal funds. The Authority earns limited non-federal funds and is not in a position to repay the debt any time soon, if at all. Additionally, having federal liabilities owed to HUD also restricts the Authority's ability to obtain other funding streams or apply for grant opportunities. Not being able to apply for certain grant funding and obtain Moving-To-Work ("MTW") status is punitive to the Authority and prohibits the Authority to move forward with new leadership.

Additional significant economic factors and decisions affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development;
- Fluctuation in proration values capping funds to the Authority based on congressional funding availability;
- Availability of participating landlords in the private sector to provide affordable housing;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income;
- Inflationary pressure on utility rates, housing costs, supplies and other costs;
- Trends in the current housing market; and
- The COVID-19 pandemic continues to affect the future rental market.

Housing Authority of South Bend

STATEMENT OF NET POSITION

September 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 41,497
Cash and cash equivalents - restricted	3,544,519
Receivables, net	157,004
Due from HUD	198,676
Prepaid expenses	121,102
Total current assets	<u>4,062,798</u>

NONCURRENT ASSETS

Capital assets, net	<u>5,439,955</u>
Total assets	<u>9,502,753</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	263,150
Accrued salaries	72,827
Accrued compensated absences	86,488
Due to HUD	28,325
Tenant security deposits	179,775
Unearned revenue - CARES Act	2,591,947
Unearned revenue - prepaid rents	28,155
Other current liabilities	46,359
Total current liabilities	<u>3,297,026</u>

NONCURRENT LIABILITIES

Family self-sufficiency escrow	135,402
Due to HUD	1,140,734
Total liabilities	<u>4,573,162</u>

NET POSITION

Net investment in capital assets	5,439,955
Restricted	1,401,636
Unrestricted	<u>(1,912,000)</u>
Total net position	<u>\$ 4,929,591</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of South Bend

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended September 30, 2020

OPERATING REVENUES

HUD operating revenue	\$ 17,646,453
Tenant revenue, net	1,677,984
Other operating revenue	627,440
Total operating revenues	<u>19,951,877</u>

OPERATING EXPENSES

Administrative	2,087,716
Tenant services	86,006
Utilities	626,933
Maintenance	1,900,418
Protective services	178,941
General	932,143
Depreciation	1,058,664
Housing assistance payments	14,181,127
Total operating expenses	<u>21,051,948</u>

OPERATING LOSS

(1,100,071)

NONOPERATING REVENUES

Interest income - unrestricted	<u>1,198</u>
Change in net position before capital contributions	(1,098,873)

CAPITAL CONTRIBUTIONS

HUD capital grants	<u>263,936</u>
Change in net position	(834,937)
Total net position - beginning	5,637,863
Prior period adjustment (see Note B-10)	<u>126,665</u>
Total net position - ending	<u><u>\$ 4,929,591</u></u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of South Bend

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 20,067,929
Collections from tenants	1,645,462
Collections from other sources	634,156
Payments to employees	(2,247,215)
Payments to suppliers	(3,644,665)
Housing assistance payments	<u>(14,181,127)</u>
Net cash provided by operating activities	<u>2,274,540</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants received	263,936
Purchase of property and equipment	<u>(364,168)</u>
Net cash used in capital and related financing activities	<u>(100,232)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>1,198</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of year	<u>1,410,510</u>
Cash and cash equivalents at end of year	<u>\$ 3,586,016</u>

AS PRESENTED IN THE STATEMENT OF NET POSITION:

Cash and cash equivalents - unrestricted	\$ 41,497
Cash and cash equivalents - restricted	<u>3,544,519</u>
	<u>\$ 3,586,016</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of South Bend

STATEMENT OF CASH FLOWS (continued)

For the year ended September 30, 2020

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (1,100,071)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	1,058,664
Change in provision for allowance for doubtful accounts	61,997
(Increase) decrease in assets:	
Receivables, net	(100,363)
Due from HUD	(170,471)
Prepaid expenses	(34,892)
(Decrease) increase in liabilities:	
Accounts payable	(109,237)
Accrued salaries	14,989
Accrued compensated absences	19,757
Due to HUD	(16,699)
Tenant security deposits	(4,599)
Unearned revenues - CARES Act	2,591,947
Family self-sufficiency escrow	17,159
Other current liabilities	46,359
Net cash provided by operating activities	<u>\$ 2,274,540</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Housing Authority of South Bend (the "Authority"), is governmental agency created under the Housing Authority Act of the State of Indiana to provide Public and Indian Housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development ("HUD"). The primary purpose of the Authority is to develop, acquire and operate safe, decent, sanitary, and affordable housing for low-income families in the City of South Bend, Indiana (the "City") in accordance with federal legislation and regulations.

The Authority's governing board consists of a seven member Board of Commissioners (the "Board"), which is appointed by the Mayor of the City. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as described by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government. These component units are blended with the primary government. The Authority's operations include one blended component unit, which is included in the basic financial statements of the Authority.

The Authority has included as a blended component unit the activity for the 100% A. W. Foundation, Inc. (the "Foundation"), a nonprofit organization. The Foundation has not been required to file separate financial statements. The Foundation is shown as a blended component unit because the Authority has financial accountability and has a voting majority of the board of directors.

The Foundation is a separate legal entity incorporated in the State of Indiana as a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation is to develop programs and services that would benefit the residents of the Authority. Three of the five commissioners of the Authority serve on the Board of Directors of the Foundation. In September 2018, the board approved a resolution to dissolve the Foundation and transfer its assets to the Authority, this transfer occurred during the September 30, 2020 fiscal year end.

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities rely, to a significant extent, on fees and charges for support.

Governments use fund accounting, whereby funds are generally organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, other government grants and certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of administrative, tenant services, utilities, maintenance, protective services, general, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income (loss), change in net position and cash flows. All assets and liabilities (whether current or noncurrent) associated with activities are reported. Proprietary fund equity is classified as net position.

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus and basis of accounting (continued)

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position. As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of accounts written-off in the amount of \$61,997.

4. Summary of programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD at the Authority. A summary of each significant program is provided below.

Low Rent Housing Programs

The Low Rent Housing Programs include the asset management projects (“AMPs”), which collect both operating and capital fund subsidies, as well as various other related HUD programs.

The purpose of the low rent public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under the Capital Fund program.

Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Central Office Cost Center

The Central Office Cost Center (“COCC”) is a business unit within the Authority that generates revenue through charges for services from other Authority programs and business-type activities.

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs (continued)

Housing Assistance Payments Programs

The Housing Assistance Payments Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the programs is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

5. Budgets

Budgets are prepared on an annual basis for each program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

6. Assets, liabilities and net position

a. *Cash and cash equivalents*

For financial statement purposes cash and cash equivalents are considered to be cash in banks and certificates of deposit with original maturities of three months or less.

b. *Receivables and amounts due from HUD*

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD represent reimbursable expenses or grant subsidies earned that have not been collected as of September 30, 2020. Allowances are determined by management based on the specific accounts and prior experience.

c. *Capital assets*

The Authority's policy is to capitalize equipment with a value in excess of \$1,000 and a useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at fair value on the date contributed.

Depreciation has been calculated using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	10 - 40 Years
Equipment	3 - 10 years

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

d. *Accrued compensated absences*

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to service already rendered and that is not contingent on a specific event that is outside the control of the Authority and its employees and is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

e. *Eliminations*

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements. The following have been eliminated from the financial statements:

i.) *Interprograms*

In the normal course of operations, certain programs pay for common costs or advance funds for operations that create interprogram receivables and payables. These interprogram receivables or payables are eliminated for the presentation of the Authority as a whole.

In addition, as a result of HUD's Quality Assurance Division ("QAD") review (see Note B-4), the Authority has additional material amounts that are owed from the HCV program to the COCC. As of September 30, 2020, \$3,536,744 of internal receivables and payables have been eliminated.

ii.) *Fee for service*

The Authority's COCC internally charges fees to the AMPs and other programs of the Authority. These charges include management fees, bookkeeping fees, front line service fees, other fee revenue and asset management fees. For financial reporting purposes, \$1,068,148 of fee for service charges have been eliminated for the year ended September 30, 2020.

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

f. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of September 30, 2020, is classified into three components of net position:

i.) Net investment in capital assets

This component 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 component of net position

This component consists of net position restricted in its 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. The statement of net position of the Authority reports \$1,401,636 of restricted net position which consists entirely of Section 8 Housing Choice Voucher HAP reserves.

iii.) Unrestricted component of net position

This component includes all of the remaining net position that does not meet the definition of the other two components.

7. Use of estimates

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

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Income taxes

The Authority qualifies as a tax-exempt governmental entity; accordingly, no provision for Federal or State income tax is required.

9. Impairment of long-lived assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. Management has determined that there were no such impairments as of September 30, 2020.

10. Leasing activities

The Authority is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue. Primarily all of the capital assets of the Authority are for these leasing activities except for certain administrative offices and equipment.

11. Impact of recently issued accounting principles

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the Authority's September 30, 2022 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

NOTE B - DETAILED NOTES

1. Cash and cash equivalents

As of September 30, 2020, the Authority's cash and cash equivalents consist of cash with carrying amounts of \$3,586,016.

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

1. Cash and cash equivalents (continued)

The Authority's risk and exposure to its cash and cash equivalents is as follows:

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy to limit its exposure to declines in fair values of its investment portfolio is to only invest in HUD allowed investments and to monitor investments. As of September 30, 2020, the Authority had no investments, and therefore was not exposed to interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of September 30, 2020, the Authority was not exposed to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposit policy for custodial credit risk requires for all 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. However, public funds deposited in approved financial institutions which exceed the limits of coverage provided by FDIC are covered by the Indiana Public Deposit Insurance Fund. As of September 30, 2020, none of the Authority's total bank balance was exposed to custodial credit risk, as all funds were either fully insured or collateralized.

Restricted cash and cash equivalents

As of September 30, 2020, restricted cash and cash equivalents consists of:

HCV CARES Act funds	\$	2,591,947
Voucher HAP reserves		772,797
Tenant security deposits		179,775
		179,775
Total restricted cash and cash equivalents	\$	3,544,519

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

2. Receivables, net

At September 30, 2020, receivables, net consist of:

Tenant receivables	\$	84,258
Portability receivables		43,096
Fraud recovery		69,179
Notes receivable - tenant repayment agreements		2,683
Other receivables		9,861
		209,077
Total receivables		209,077
Allowance for doubtful accounts - tenant receivables		(11,281)
Allowance for doubtful accounts - fraud recovery		(38,228)
Allowance for doubtful accounts - other receivables		(2,564)
		\$ 157,004

3. Capital assets, net

A summary of changes in capital assets, net is as follows:

	Balance at October 1, 2019	Transfers in/ Additions	Transfers out/ Deletions	Balance at September 30, 2020
Non-depreciable:				
Land	\$ 1,325,275	\$ -	\$ -	\$ 1,325,275
Depreciated:				
Buildings and improvements	65,934,901	291,865	-	66,226,766
Equipment	2,261,736	72,303	-	2,334,039
Total depreciated	68,196,637	364,168	-	68,560,805
Total capital assets	69,521,912	364,168	-	69,886,080
Less accumulated depreciation:				
Buildings and improvements	(61,266,732)	(1,031,414)	-	(62,298,146)
Equipment	(2,120,729)	(27,250)	-	(2,147,979)
Total accumulated depreciation	(63,387,461)	(1,058,664)	-	(64,446,125)
Capital assets, net	\$ 6,134,451	\$ (694,496)	\$ -	\$ 5,439,955

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities

A summary of changes in noncurrent liabilities is as follows:

	Payable at October 1, 2019	Additions	Reductions	Payable at September 30, 2020	Current Portion
Due to HUD	\$ 1,185,758	\$ 7,701	\$ (24,400)	\$ 1,169,059	\$ 28,325
Compensated absences	66,731	101,717	(81,960)	86,488	86,488
Family self-sufficiency "FSS" escrow	118,243	39,948	(22,789)	135,402	-
Total noncurrent liabilities	<u>\$ 1,370,732</u>	<u>\$ 149,366</u>	<u>\$ (129,149)</u>	<u>\$ 1,390,949</u>	<u>\$ 114,813</u>

Due to HUD

On March 10, 2014, QAD issued a review report indicating that HCV program funds were inappropriately spent, resulting in a cash/investment balance that was insufficient to support the validated Net Restricted Assets ("NRA") balance and that the Authority should repay from non-federal funds the amount of \$512,861 to reimburse the HCV program (and payable back to HUD). In addition, on September 25, 2015, the HUD Office of Inspector General ("OIG") issued a report based on an audit of the Authority's Housing Choice Voucher ("HCV") program wherein it recommended that the Authority (1) reimburse the HCV program (and payable back to HUD) \$79,884 from non-Federal funds for ineligible housing assistance and utility allowance payments, (2) support or reimburse the HCV program (and payable back to HUD) \$411,382 from non-Federal funds for unsupported payments, (3) reimburse HUD more than \$24,088 for unearned Family Self-Sufficiency grant funds, and (4) implement adequate controls to address the findings cited in the audit report. During the year ended September 30, 2017, HUD approved repayment agreements for the above to be paid out of non-federal funds (COCC).

In addition, during the year ended September 30, 2016, the Authority drew down funds of \$140,811 for capital fund grant ("CFP") costs that were not eligible for reimbursement because the invoices were already reimbursed in a prior year or the backup documentation to support the cost was not accurate or appropriate.

Also, during the fiscal year ended September 30, 2019, the Authority drew down funds of \$67,508 for capital fund grant ("CFP") costs that were not eligible for reimbursement because the invoices were already reimbursed on a prior draw or the backup documentation for the cost was not properly supported.

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities (continued)

Due to HUD (continued)

On March 18, 2020, QAD issued an additional Financial Management Review. Amongst other things, the report mentioned the March 10, 2014 QAD report requiring the repayment of \$512,861. It was determined that this amount should be repaid from the HCV program and not the COCC.

The repayment agreements approved by HUD and current amounts payable back to HUD for the ineligible CFP grant reimbursements are summarized below:

	Payable at October 1, 2019	Additions	Reductions	Payable at September 30, 2020	Current Portion
Net restricted assets	\$ 482,861	\$ -	\$ (12,000)	\$ 470,861	\$ 12,000
Unsupported payments	411,382	-	-	411,382	-
Ineligible payments	79,884	-	-	79,884	-
FSS	19,088	-	(2,400)	16,688	2,400
Interest	6,224	7,701	-	13,925	-
CFP Ineligible costs	186,319	-	(10,000)	176,319	13,925
Total Due to HUD	\$ 1,185,758	\$ 7,701	\$ (24,400)	\$ 1,169,059	\$ 28,325

5. Retirement plan

The Authority maintains a profit sharing plan providing for discretionary employer contributions to be determined annually by the Authority. The Plan covers all permanent full-time employees who worked for at least six months and at least 20 hours weekly. Participants' benefits in the Authority matching contributions are fully vested after five years of participation. All employees are 100% vested when they reach their 55th birthday, regardless of their years of service. The Plan's assets are accumulated in pooled investments maintained by Fidelity Investments. The Authority did not make any discretionary contributions during the year ended September 30, 2020.

6. Risk management

The Authority is exposed to various risks of loss to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of the Authority's risk management program, the Authority has commercial insurance to manage its risks of loss. There were no significant reductions of insurance coverage from prior years and actual settlements did not exceed insurance coverage for each of the past three years.

Housing Authority of South Bend

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

7. Commitments and contingencies

a. *Legal*

The Authority is party to various pending or threatened legal actions arising in the normal course of operations. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any ultimate liability is not expected to have a material adverse effect on the Authority's financial position. Subsequent to year end, the Authority settled a pending lawsuit in the amount of \$11,277 (see Note B-11-c).

b. *Grants and contracts*

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, except for the QAD review reports (see Note B-4), management is not aware of any such examinations.

In accordance with applicable standards, the amount of current year program subsidy received in excess of associated qualifying expenses of the Housing Choice Voucher program is presented as net program income or loss with the cumulative excess funding being reflected in restricted net position in the basic financial statements. As of September 30, 2020, the Authority reports \$1,401,636 of restricted net position.

c. *Troubled status*

As a result of significant financial and compliance issues, HUD has placed the agency into "troubled" status. HUD more closely monitors an Authority in troubled status and places significant oversight on the Authority's ability to receive federal grant funds and on its ability to make disbursements. HUD has the ultimate right to take over operations of the Authority or to require changes in management of the Authority. Currently, the Authority is working very closely with HUD under a recovery plan to implement changes to improve its finances and operations in order to get out of troubled status.

d. *Investigation*

On July 31, 2019, the Federal Bureau of Investigation ("FBI") conducted an operation at the offices of the Authority. The Authority received notice of a federal grand jury investigation led by the US Attorney's Office for the Northern District of Indiana, in conjunction with the FBI, Department of Housing and Urban Development, and Internal Revenue Service. The Authority has produced internal records requested by the grand jury and is cooperating with the investigation, which remains ongoing. As the results of the investigation are not yet known, possible resulting actions are undeterminable and no amounts are recorded in the financial statements for this possible contingency.

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

7. Commitments and contingencies (continued)

e. Funds awarded

The Authority receives funding from HUD through Capital Fund and Capital Fund Replacement Housing programs to help subsidize the cost of project repairs, improvements and certain operating costs. Unspent funded awards as of September 30, 2020, amounted to \$3,730,278 for the Capital Fund program. In addition, HUD awarded the Authority additional funding to respond to COVID-19, and as such, \$2,591,947 of HCV CARES Act funding and \$6,918 of Public Housing CARES Act funding remain unspent at year end.

f. Covid-19 pandemic

The Authority, like most other businesses, has had its operational activities impacted by the COVID-19 pandemic to conform with current guidelines. As of the date of this report, the overall impact and duration is uncertain, but management does not believe it to be material to the Authority.

8. Concentrations

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for related costs, and the additional administrative burden to comply with the changes. For the year ended September 30, 2020, approximately 88% of revenues and 56% of current receivables reflected in the basic financial statements are from HUD.

9. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, and housing assistance payments. In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, interest expense and gains and losses on the disposal of capital assets. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

10. Prior period adjustment

For the fiscal year ended September 30, 2020, the statement of revenues, expenses, and changes in net position reflects a prior period adjustment increasing net position by \$126,665. This adjustment was made to correct and increase Central Office Cost Center's beginning equity due to the HUD QAD review.

Housing Authority of South Bend
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

11. Subsequent events

Management has evaluated subsequent events through December 27, 2021, the date which the financial statements were available to be issued, and noted no additional significant items to be disclosed except for the item listed below.

a. Rabbi Shulman Plaza Apartments

In November 2020, the Rabbi Shulman Plaza Apartments experienced a natural gas leak, and all the residents of the complex were evacuated to ensure safety and lines were capped. It was subsequently determined to close the facility and since then the building has met its obsolescence test for replacement. The financial statements have not been adjusted for any potential effects of this occurrence.

b. Portability

During their review, the HUD QAD team noted the issues with the port-in voucher reporting. Therefore, fee income from HCVP to COCC cannot be properly calculated until the 23 porting jurisdictions have been reconciled. Thus far 6 out of 23 Jurisdictions have been fully reconciled. The remaining 17 reconciliations are with the port-out Housing Authorities for review. HUD VMS reporting will need to be updated accordingly. This item remains open with HUD QAD.

c. Legal settlement

A settlement agreement was executed by and between UniFirst Corporation and the Authority. After fiscal year end, the Authority settled a pending lawsuit in the amount of \$11,277 related to a 2014 claim. Upon receipt of this settlement payment, Unifirst dismissed the claim with prejudice.

SUPPLEMENTARY INFORMATION

Housing Authority of South Bend
FINANCIAL DATA SCHEDULE
For the year ended September 30, 2020

PHA: IN015 FYED: 9/30/2020																								
Line Item No.	Account Description	AMP 1 Operating 14.850	AMP 1 Capital Fund 14.872	AMP 2 Operating 14.850	AMP 2 Capital Fund 14.872	AMP 3 Operating 14.850	AMP 3 Capital Fund 14.872	AMP 4 Operating 14.850	AMP 4 Capital Fund 14.872	AMP 99 Operating 14.850	AMP 99 Capital Fund 14.872	Other Project Operating 14.850	Other Project Capital Fund 14.872	Total Projects	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Central Office Cost Center	100% A. W. Foundation	Resident Opportunity and Supportive Services 14.870	Lead-Based Paint Hazard Control in Privately-Owned Housing 14.900	Public Housing CARES Act Funding 14.PHC	Elimination	Total	
111	Cash - Unrestricted	6,000	-	7,069	-	699	-	3,609	-	-	-	-	-	17,377	-	-	571	-	-	23,549	-	-	-	41,497
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	772,797	2,591,947	-	-	-	-	-	-	-	3,364,744
114	Cash - Tenant Security Deposits	53,769	-	54,782	-	38,862	-	32,362	-	-	-	-	-	179,775	-	-	-	-	-	-	-	-	-	179,775
100	Total Cash	59,769	-	61,851	-	39,561	-	35,971	-	-	-	-	-	197,152	772,797	2,591,947	571	-	-	23,549	-	-	-	3,586,016
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	43,096	-	-	-	-	-	-	-	-	43,096
122	Accounts Receivable - HUD	107,501	-	26,354	-	27,278	-	1,600	-	-	-	-	-	162,733	-	-	-	-	6,613	-	29,330	-	-	198,676
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-	2,564	-	2,564	-	-	7,297	-	-	-	-	-	-	9,861
126	Accounts Receivable - Tenants Dwelling Rents	19,059	-	27,972	-	25,894	-	11,333	-	-	-	-	-	84,258	-	-	-	-	-	-	-	-	-	84,258
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(5,077)	-	(442)	-	(3,616)	-	(2,146)	-	-	-	-	-	(11,281)	-	-	-	-	-	-	-	-	-	(11,281)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	(2,564)	-	(2,564)	-	-	-	-	-	-	-	-	-	(2,564)
127	Notes, Loans, & Mortgages Receivable - current	109	-	2,474	-	-	-	100	-	-	-	-	-	2,683	-	-	-	-	-	-	-	-	-	2,683
128	Fraud recovery	-	-	6,983	-	2,712	-	18,216	-	-	-	-	-	27,911	41,268	-	-	-	-	-	-	-	-	69,179
128.1	Allowance for doubtful accounts - fraud	-	-	(6,983)	-	(2,712)	-	(18,216)	-	-	-	-	-	(27,911)	(10,317)	-	-	-	-	-	-	-	-	(38,228)
120	Total Receivables, net of allowances for doubtful accounts	121,592	-	56,358	-	49,556	-	10,887	-	-	-	-	-	238,393	74,047	-	7,297	-	6,613	-	29,330	-	-	355,680
142	Prepaid Expenses and Other Assets	17,632	-	22,897	-	16,562	-	15,870	-	-	-	-	-	72,961	33,978	-	14,163	-	-	-	-	-	-	121,102
144	Interprogram due from	993,487	-	-	-	503,255	-	245,579	-	-	-	310,300	-	2,052,621	-	-	1,484,123	-	-	-	-	-	(3,536,744)	-
150	Total Current Assets	1,192,480	-	141,106	-	608,934	-	308,307	-	-	-	310,300	-	2,561,127	880,822	2,591,947	1,506,154	-	6,613	23,549	29,330	(3,536,744)	-	4,062,798
161	Land	254,278	-	659,839	-	227,252	-	183,906	-	-	-	-	-	1,325,275	-	-	-	-	-	-	-	-	-	1,325,275
162	Buildings	15,178,345	-	21,781,355	-	11,764,268	-	16,878,461	-	-	-	350	-	65,602,779	-	-	623,987	-	-	-	-	-	-	66,226,766
163	Furniture, Equipment & Machinery - Dwellings	165,308	-	225,566	-	138,418	-	111,728	-	-	-	-	-	641,020	-	-	-	-	-	-	-	-	-	641,020
164	Furniture, Equipment & Machinery - Administration	264,916	-	476,976	-	225,035	-	191,135	-	-	-	-	-	1,158,062	343,210	-	191,747	-	-	-	-	-	-	1,693,019
166	Accumulated Depreciation	(14,164,216)	-	(21,700,964)	-	(11,542,879)	-	(15,984,052)	-	-	-	(350)	-	(63,392,461)	(292,505)	-	(761,159)	-	-	-	-	-	-	(64,446,125)
160	Total Fixed Assets, Net of Accumulated Depreciation	1,698,631	-	1,442,772	-	812,094	-	1,381,178	-	-	-	-	-	5,334,675	50,705	-	54,575	-	-	-	-	-	-	5,439,955
190	Total Assets	2,891,111	-	1,583,878	-	1,421,028	-	1,689,485	-	-	-	310,300	-	7,895,802	931,527	2,591,947	1,560,729	-	6,613	23,549	29,330	(3,536,744)	-	9,502,753

See independent auditor's report.

Housing Authority of South Bend
FINANCIAL DATA SCHEDULE
For the year ended September 30, 2020

PHA: IN015 FYED: 9/30/2020																								
Line Item No.	Account Description	AMP 1 Operating 14.850	AMP 1 Capital Fund 14.872	AMP 2 Operating 14.850	AMP 2 Capital Fund 14.872	AMP 3 Operating 14.850	AMP 3 Capital Fund 14.872	AMP 4 Operating 14.850	AMP 4 Capital Fund 14.872	AMP 99 Operating 14.850	AMP 99 Capital Fund 14.872	Other Project Operating 14.850	Other Project Capital Fund 14.872	Total Projects	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Central Office Cost Center	100% A. W. Foundation	Resident Opportunity and Supportive Services 14.870	Lead-Based Paint Hazard Control in Privately-Owned Housing 14.900	Public Housing CARES Act Funding 14.PHC	Elimination	Total	
312	Accounts Payable <= 90 Days	1,832	-	3,378	-	2,721	-	2,938	-	-	-	-	-	10,869	1,304	-	221,647	-	-	-	-	29,330	-	263,150
321	Accrued Wage/Payroll Taxes Payable	7,644	-	13,765	-	11,775	-	14,696	-	-	-	-	-	47,880	8,987	-	14,628	-	1,332	-	-	-	-	72,827
322	Accrued Compensated Absences	21,814	-	7,274	-	9,074	-	11,747	-	-	-	-	-	49,909	10,613	-	25,966	-	-	-	-	-	-	86,488
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	25,925	-	2,400	-	-	-	-	-	-	28,325
341	Tenant Security Deposits	53,769	-	54,782	-	38,862	-	32,362	-	-	-	-	-	179,775	-	-	-	-	-	-	-	-	-	179,775
342	Deferred Revenues	5,197	-	7,952	-	9,751	-	5,255	-	-	-	-	-	28,155	-	2,591,947	-	-	-	-	-	-	-	2,620,102
346	Accrued liabilities - other	4,902	-	7,202	-	4,902	-	2,179	-	-	-	-	-	19,185	8,677	-	16,405	-	2,992	-	-	-	-	46,359
347	Interprogram due to	12,532	-	2,482,308	-	-	-	-	-	-	-	-	-	2,494,840	1,037,431	-	-	-	3,189	1,284	-	(3,536,744)	-	-
310	Total Current Liabilities	107,690	-	2,576,661	-	77,085	-	69,177	-	-	-	-	-	2,830,613	1,092,937	2,591,947	281,046	-	6,613	1,284	29,330	(3,536,744)	-	3,297,026
353	Noncurrent Liabilities - Other	25,517	-	99,768	-	25,517	-	25,517	-	-	-	-	-	176,319	594,263	-	505,554	-	-	-	-	-	-	1,276,136
350	Total Noncurrent Liabilities	25,517	-	99,768	-	25,517	-	25,517	-	-	-	-	-	176,319	594,263	-	505,554	-	-	-	-	-	-	1,276,136
300	Total Liabilities	133,207	-	2,676,429	-	102,602	-	94,694	-	-	-	-	-	3,006,932	1,687,200	2,591,947	796,600	-	6,613	1,284	29,330	(3,536,744)	-	4,573,162
508.4	Net investment in capital assets	1,698,631	-	1,442,772	-	812,094	-	1,381,178	-	-	-	-	-	5,334,675	50,705	-	54,575	-	-	-	-	-	-	5,439,955
511.4	Restricted Net Position	-	-	-	-	-	-	-	-	-	-	-	-	-	1,401,636	-	-	-	-	-	-	-	-	1,401,636
512.4	Unrestricted Net Position	1,059,273	-	(2,535,323)	-	506,332	-	213,613	-	-	-	310,300	-	(445,805)	(2,208,014)	-	719,554	-	-	22,265	-	-	-	(1,912,000)
513	Total Equity	2,757,904	-	(1,092,551)	-	1,318,426	-	1,594,791	-	-	-	310,300	-	4,888,870	(755,673)	-	774,129	-	-	22,265	-	-	-	4,929,591
600	Total Liabilities and Equity	2,891,111	-	1,583,878	-	1,421,028	-	1,689,485	-	-	-	310,300	-	7,895,802	931,527	2,591,947	1,560,729	-	6,613	23,549	29,330	(3,536,744)	-	9,502,753

See independent auditor's report.

Housing Authority of South Bend
FINANCIAL DATA SCHEDULE
For the year ended September 30, 2020

PHA: IN015 FYED: 9/30/2020																									
Line Item No.	Account Description	AMP 1 Operating 14.850	AMP 1 Capital Fund 14.872	AMP 2 Operating 14.850	AMP 2 Capital Fund 14.872	AMP 3 Operating 14.850	AMP 3 Capital Fund 14.872	AMP 4 Operating 14.850	AMP 4 Capital Fund 14.872	AMP 99 Operating 14.850	AMP 99 Capital Fund 14.872	Other Project Operating 14.850	Other Project Capital Fund 14.872	Total Projects	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Central Office Cost Center	100% A. W. Foundation	Resident Opportunity and Supportive Services 14.870	Lead-Based Paint Hazard Control in Privately-Owned Housing 14.900	Public Housing CARES Act Funding 14.PHC	Elimination	Total		
70300	Net Tenant Rental Revenue	210,798	-	759,436	-	309,053	-	370,403	-	-	-	-	-	1,649,690	-	-	-	-	-	-	-	-	-	1,649,690	
70400	Tenant Revenue - Other	31,151	-	14,623	-	26,246	-	18,271	-	-	-	-	-	90,291	-	-	-	-	-	-	-	-	-	90,291	
70500	Total Tenant Revenue	241,949	-	774,059	-	335,299	-	388,674	-	-	-	-	-	1,739,981	-	-	-	-	-	-	-	-	-	1,739,981	
70600	HUD PHA Grants	960,548	113,921	718,219	6,000	599,572	-	310,613	-	-	-	-	-	2,708,873	14,713,527	47,014	-	-	47,231	-	-	129,808	-	17,646,453	
70610	HUD PHA Capital Grants	-	114,116	-	95,282	-	18,249	-	36,289	-	-	-	-	263,936	-	-	-	-	-	-	-	-	-	-	263,936
70710	Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	821,193	-	-	-	-	(821,193)	-	
70730	Bookkeeping Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	246,955	-	-	-	-	(246,955)	-	
71100	Investment Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	1,164	-	-	34	-	-	-	-	-	1,198	
71500	Other revenue	9,284	-	3,633	-	2,838	-	1,069	-	-	-	-	-	16,824	601,018	-	-	9,598	-	-	-	-	-	627,440	
70000	Total Revenue	1,211,781	228,037	1,495,911	101,282	937,709	18,249	700,356	36,289	-	-	-	-	4,729,614	15,315,709	47,014	1,077,780	-	47,231	-	-	129,808	(1,068,148)	20,279,008	
91100	Administrative Salaries	70,362	-	66,423	-	80,888	-	64,258	-	-	-	-	-	281,931	349,751	-	350,990	-	-	-	-	103,048	-	1,085,720	
91200	Auditing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,578	-	-	-	-	-	4,578	
91300	Management Fee	120,652	-	209,756	-	103,111	-	93,230	-	-	-	-	-	526,749	294,444	-	-	-	-	-	-	-	(821,193)	-	
91310	Book-keeping Fee	14,338	-	25,266	-	12,254	-	11,080	-	-	-	-	-	62,928	184,027	-	-	-	-	-	-	-	(246,955)	-	
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	658	-	-	-	-	-	658	
91500	Employee Benefit Contributions - Administrative	21,884	-	19,026	-	10,931	-	19,124	-	-	-	-	-	70,965	84,319	-	95,071	-	-	-	-	-	-	250,355	
91600	Office Expenses	21,375	-	36,602	-	25,827	-	24,278	-	-	-	-	-	108,082	49,031	-	174,227	-	-	-	-	-	-	331,340	
91700	Legal Expense	23,747	-	34,745	-	21,105	-	21,605	-	-	-	-	-	101,202	18,428	-	5,510	-	-	-	-	-	-	125,140	
91800	Travel	661	-	1,393	-	411	-	661	-	-	-	-	-	3,126	1,154	-	1,299	-	-	-	-	-	-	5,579	
91900	Other	89,073	-	24,970	-	16,149	-	12,118	-	-	-	-	-	142,310	7,007	-	134,753	276	-	-	-	-	-	284,346	
92000	Asset Management Fee Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,447	-	-	-	-	34,447	
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,952	-	-	-	-	6,952	
92400	Tenant Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,389	6,646	-	5,832	-	-	26,760	-	44,807	
93100	Water	28,955	-	142,218	-	39,452	-	17,104	-	-	-	-	-	227,729	-	-	637	-	-	-	-	-	-	228,366	
93200	Electricity	7,094	-	205,998	-	14,799	-	45,408	-	-	-	-	-	273,299	-	-	4,500	-	-	-	-	-	-	277,799	
93300	Gas	33,680	-	51,064	-	16,094	-	18,849	-	-	-	-	-	119,687	-	-	-	-	-	-	-	-	-	119,687	
93400	Fuel	35	-	976	-	35	-	35	-	-	-	-	-	1,081	-	-	-	-	-	-	-	-	-	1,081	
94100	Ordinary Maintenance and Operations - Labor	170,224	-	205,546	-	131,458	-	134,236	-	-	-	-	-	641,464	-	-	-	-	-	-	-	-	-	641,464	
94200	CMO - Materials and Other	124,079	-	146,658	-	86,840	-	86,205	-	-	-	-	-	443,582	1,124	-	92	-	-	-	-	-	-	444,798	
94300	CMO - Contract Costs	100,028	-	329,743	-	107,248	-	82,889	-	-	-	-	-	619,908	4,573	-	28,369	-	-	-	-	-	-	652,850	
94500	Employee Benefit Contributions - Ordinary Maintenance	30,126	-	84,204	-	18,420	-	28,556	-	-	-	-	-	161,306	-	-	-	-	-	-	-	-	-	161,306	
95100	Protective Services - labor	7,845	-	38,849	-	20,285	-	17,827	-	-	-	-	-	84,806	-	-	-	-	-	-	-	-	-	84,806	

See independent auditor's report.

Housing Authority of South Bend
FINANCIAL DATA SCHEDULE
For the year ended September 30, 2020

PHA: IN015 FYED: 9/30/2020																								
Line Item No.	Account Description	AMP 1 Operating 14.850	AMP 1 Capital Fund 14.872	AMP 2 Operating 14.850	AMP 2 Capital Fund 14.872	AMP 3 Operating 14.850	AMP 3 Capital Fund 14.872	AMP 4 Operating 14.850	AMP 4 Capital Fund 14.872	AMP 99 Operating 14.850	AMP 99 Capital Fund 14.872	Other Project Operating 14.850	Other Project Capital Fund 14.872	Total Projects	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Central Office Cost Center	100% A. W. Foundation	Resident Opportunity and Supportive Services 14.870	Lead-Based Paint Hazard Control in Privately-Owned Housing 14.900	Public Housing CARES Act Funding 14.PHC	Elimination	Total	
95200	Protective Services - Other Contract Costs	788	-	73,642	-	692	-	612	-	-	-	-	-	75,734	-	-	65	-	-	-	-	-	75,799	
95500	Employee benefit contributions - protective services	901	-	3,058	-	13,047	-	1,330	-	-	-	-	-	18,336	-	-	-	-	-	-	-	-	18,336	
96110	Property Insurance	42,487	-	59,721	-	39,347	-	36,632	-	-	-	-	-	178,187	-	-	-	-	-	-	-	-	178,187	
96120	Liability Insurance	30,312	-	50,264	-	26,604	-	23,540	-	-	-	-	-	130,720	155,636	-	55,198	-	-	-	-	-	341,554	
96130	Workmen's Compensation	3,750	-	6,056	-	3,775	-	3,296	-	-	-	-	-	16,867	63,151	-	11,086	-	-	-	-	-	91,104	
96140	All Other Insurance	1,482	-	2,452	-	1,301	-	1,151	-	-	-	-	-	6,386	6,385	-	2,254	-	-	-	-	-	15,025	
96200	Other General Expenses	13,158	-	5,034	-	13,158	-	13,158	-	-	-	-	-	44,508	81,775	-	53,000	25,273	-	-	-	-	204,556	
96210	Compensated Absences	21,275	-	11,649	-	11,471	-	13,853	-	-	-	-	-	58,248	14,378	-	29,091	-	-	-	-	-	101,717	
96400	Bad Debt - Tenant Rents	18,772	-	11,900	-	23,709	-	7,616	-	-	-	-	-	61,997	-	-	-	-	-	-	-	-	61,997	
96900	Total Operating Expenses	997,083	-	1,847,203	-	838,211	-	778,641	-	-	-	-	-	4,461,138	1,315,183	5,369	958,024	25,549	47,231	-	-	129,808	(1,068,148)	5,874,154
97000	Excess Operating Revenue over Operating Expenses	214,698	228,037	(351,292)	101,282	99,498	18,249	(78,285)	36,289	-	-	-	-	268,476	14,000,526	41,645	119,756	(25,549)	-	-	-	-	-	14,404,854
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	13,885,643	-	-	-	-	-	-	-	-	13,885,643
97350	HAP Portability In	-	-	-	-	-	-	-	-	-	-	-	-	-	495,484	-	-	-	-	-	-	-	-	495,484
97400	Depreciation Expense	291,463	-	413,054	-	136,348	-	194,480	-	-	-	-	-	1,035,345	12,629	-	10,690	-	-	-	-	-	-	1,058,664
90000	Total Expenses	1,288,546	-	2,260,257	-	974,559	-	973,121	-	-	-	-	-	5,496,483	15,508,939	5,369	968,714	25,549	47,231	-	-	129,808	(1,068,148)	21,113,945
10010	Operating transfers in	113,921	-	6,000	-	-	-	-	-	-	-	-	-	119,921	-	-	-	-	-	-	-	-	(119,921)	-
10020	Operating transfers out	-	(113,921)	-	(6,000)	-	-	-	-	-	-	-	-	(119,921)	-	-	-	-	-	-	-	-	119,921	-
10100	Total other financing sources (Uses)	113,921	(113,921)	6,000	(6,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	37,156	114,116	(758,346)	95,282	(36,850)	18,249	(272,765)	36,289	-	-	-	-	(766,869)	(193,230)	41,645	109,066	(25,549)	-	-	-	-	-	(834,937)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11030	Beginning Equity	2,599,449	-	(427,196)	-	1,327,975	-	1,820,849	-	-	-	310,300	-	5,631,377	(95,640)	-	96,759	(16,896)	-	-	22,265	-	-	5,637,863
11040	Prior Period Adjustments, Equity transfer and correction of errors	121,299	(114,116)	92,991	(95,282)	27,301	(18,249)	46,707	(36,289)	-	-	-	-	24,362	(466,803)	(41,645)	568,304	42,447	-	-	-	-	-	126,665
11190	Unit Months Available	2,176	-	3,598	-	1,923	-	1,702	-	-	-	-	-	9,399	25,488	-	-	-	-	-	-	-	-	34,887
11210	Number of Unit Months Leased	2,126	-	3,558	-	1,899	-	1,646	-	-	-	-	-	9,229	24,537	-	-	-	-	-	-	-	-	33,766
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,157,909)	-	-	-	-	-	-	-	-	(2,157,909)
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	1,401,636	-	-	-	-	-	-	-	-	1,401,636
11270	Excess Cash	984,068	-	(2,612,386)	-	445,436	-	158,373	-	-	-	310,300	-	(714,209)	-	-	-	-	-	-	-	-	-	(714,209)
11620	Building Purchases	-	114,116	-	95,282	-	18,249	-	36,289	-	-	-	-	263,936	-	-	-	-	-	-	-	-	-	263,936

See independent auditor's report.

Housing Authority of South Bend

SCHEDULE OF CARES ACT FUNDING COSTS AND ADVANCES

For the year ended September 30, 2020

PROGRAM	<u>PH CARES</u>	<u>HCV CARES</u>
BUDGET	<u>\$ 136,726</u>	<u>\$ 2,638,961</u>
ADVANCES		
Cash receipts - prior years	\$ -	\$ -
Cash receipts - current year	<u>100,478</u>	<u>2,638,961</u>
Cumulative as of September 30, 2020	<u>100,478</u>	<u>2,638,961</u>
COSTS		
Prior years	-	-
Current year	<u>129,808</u>	<u>47,014</u>
Cumulative as of September 30, 2020	<u>129,808</u>	<u>47,014</u>
RECEIVABLE DUE FROM HUD/ (UNSPENT ADVANCES)	<u>\$ 29,330</u>	<u>\$ (2,591,947)</u>

See independent auditor's report.

SINGLE AUDIT INFORMATION

Housing Authority of South Bend

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number		Federal Expenditures
<u>Direct from the U.S. Department of Housing and Urban Development:</u>			
Public and Indian Housing:			
Public and Indian Housing	14.850	\$ 2,588,952	
COVID-19 Public and Indian Housing	14.850	<u>129,808</u>	
Subtotal Public and Indian Housing			\$ 2,718,760
Public Housing Capital Fund Program	14.872		383,857
Housing Voucher Cluster:			
Housing Choice Voucher Program	14.871	14,713,527	
COVID-19 Housing Choice Voucher Program	14.871	<u>47,014</u>	
Subtotal Housing Voucher Cluster			14,760,541
Resident Opportunity and Supportive Services	14.870		<u>47,231</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 17,910,389</u></u>

NOTE A: BASIS OF PRESENTATION

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

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program ("HCV"), CFDA No. 14.871, to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the expenditures paid by the Authority.

NOTE B: INDIRECT COST RATE

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

NOTE C: SUB-RECIPIENTS

During the year ended September 30, 2020, the Authority had no sub-recipients.

NOTE D: NONCASH ASSISTANCE AND OTHER

The Authority did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended September 30, 2020.

See independent auditor's report.



**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 South Bend
South Bend, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of South Bend (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 27, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **Finding No. 2020-003** to be a material weakness.

A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items **Finding No. 2020-001** and **2020-002** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item **Finding No. 2020-003**.

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

December 27, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



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 South Bend
South Bend, Florida

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of South Bend's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

MELBOURNE

8035 Spyglass Hill Road
Melbourne, FL 32940
321-757-2020

ORLANDO

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Basis for Qualified Opinion on Housing Voucher Cluster and CFDA 14.850 Public and Indian Housing Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Housing Voucher Cluster as described in **Finding No. 2020-003 for Allowability** and **2020-004 for Eligibility** and CFDA 14.850 Public and Indian Housing as described in **Finding No. 2020-005 for Eligibility**. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to those programs.

Qualified Opinion on Housing Voucher Cluster and CFDA 14.850 Public and Indian Housing Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Housing Voucher Cluster and CFDA 14.850 Public and Indian Housing Program for the year ended September 30, 2020.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item **Finding No. 2020-008**. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority 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 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 the 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 Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **Finding No. 2020-003, 2020-004 and 2020-005** to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **Finding No. 2020-002, 2020-006, 2020-007 and 2020-008** to be significant deficiencies.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit compliance and, accordingly, we express no opinion on the response.

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.

December 27, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **Yes (Finding No. 2020-003)**

Significant deficiency identified? **Yes (Finding No. 2020-001 and 2020-002)**

Noncompliance material to financial statements noted? **Yes (Finding No. 2020-003)**

Federal Awards

Internal control over major program:

Material weakness identified? **Yes (Finding No. 2020-003, 2020-004, and 2020-005)**

Significant deficiency identified? **Yes (Finding No. 2020-002, 2020-006, 2020-007, and 2020-008)**

Type of auditor's report issued on compliance for major program:

- Housing Voucher Cluster - **Qualified (Finding No. 2020-003 and 2020-004)**
- Capital Fund Program - **Unmodified**
- Public and Indian Housing Program - **Qualified (Finding No. 2020-005)**

Are there any additional audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes (Finding No. 2020-008)**

The programs tested as major programs are as follows:

- Capital Fund Program - CFDA 14.872
- Housing Voucher Cluster
 - Housing Choice Voucher Program - CFDA 14.871
- Public and Indian Housing Program - CFDA 14.850

The threshold for distinguishing types A and B programs was **\$750,000**

Did the auditee qualify as a low-risk auditee? **No**

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2020-001 Financial Reporting

Significant Deficiency in Internal Control

Repeated in part from 2019 audit (see prior year Finding No. 2019-001)

Condition: The internal controls of the Authority are deficient and/or are not being adhered to 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. The following was noted:

- The Authority did not reconcile the receivable amount for VASH Port-ins and it appears not to have been reconciled in some time.
- The Authority did not properly account for unearned revenue related to prepaid tenant rents as the balance was the same as the prior year.
- We noted immaterial tenant fraud receivable balances that were the same balances from the prior year and did not seem to be reconciled.

Criteria: AU-C 265 requires that when a deficiency, or a combination of deficiencies, in internal control is identified that is less severe than a material weakness, yet important enough to merit attention by those with governance, a significant deficiency should be reported.

Context: The auditor reviewed the Authority's Financial Data Schedule and general ledger with a comparison of account balances to the prior year and current year activity.

Cause: The Authority did not have the necessary controls over the financial reporting process to detect material misstatements and is not, in some cases, adhering to their written internal control procedures. The Authority experienced significant turnover and absence for those employees responsible for accounting and financial reporting.

Effect: As a result of the audit, significant adjustments and reclassifications had to be posted. In addition, the Authority's internal control is insufficient in preventing, detecting, and correcting errors on a timely basis.

Auditor recommendations: The Authority should establish and adhere to internal controls to ensure that appropriate adjustments are recorded so that the financial statements are fairly presented.

Management Response: See Corrective Action Plan.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2020-002 Allowability - Payroll

Significant Deficiency in internal control

Condition: Out of approximately 52 employees, 15 employee payroll files were tested and the following deficiencies were noted:

- One file did not contain pay rate information for the two pay periods tested
- Seven employees pay rate did not agree to personnel file; four of which did not agree to either pay period tested.

Criteria: In accordance with applicable accounting standards and the Authority's Human Resource Policy, salaries and wages should be supported with proper documentation of pay rates.

Context: The auditor randomly selected 15 employees payroll files from the population for 2 pay periods, which we consider to be a statistically valid sample size. The auditor reviewed the payroll files and support to ensure that proper procedure are being followed and that the Authority is in compliance with HUD requirements regarding complete and accurate payroll files.

Cause: The Authority experienced staffing turnover and did not have the available staff to fully implement the payroll procedures in certain instances. With the continued effort of restructuring the organization, the Authority had moved their single payroll employee into a different position leaving the majority of payroll responsibilities in the hands of one employee who is also managing other departmental roles until additional staff are hired and trained.

Effect: The Authority is not in full compliance with procedures for payroll requirements regarding allowability which could result in the incorrect amount of wages disbursed to employees.

Auditor Recommendations: The Authority should consider reevaluating their established procedures and controls until additional staff are added to assist with the process. The Authority needs to correct the deficiencies noted in the tested payroll files and continue to do their due diligence on assuring all payroll files are up to date and meet payroll procedure requirements.

Management Response: See Corrective Action Plan.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2020-003 Allowability - Cash Coverage

Material Weakness in Internal Control

Material Noncompliance

Repeated in part from 2019 audit (see prior year Finding No. 2019-005)

Condition: The Authority does not have sufficient cash in the HCV program to cover the Family Self-Sufficiency ("FSS") escrow liability and the HAP restricted net position ("RNP"), as well as an amount due to HUD for interest, which results in a shortfall of \$790,166. Total cash in the HCV program of \$772,797 is insufficient to cover the FSS escrow liability \$135,402, HAP RNP of \$1,401,636 and accrued interest owed to HUD of \$25,925 totaling \$1,562,963.

Criteria: The FSS program is a program that enables HUD-assisted families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies by setting aside monies for future use. An interest-bearing escrow account is established by the PHA for each participating family. Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account and thus the monies are restricted. In addition, HUD enters into Annual Contributions Contracts (ACCs) with PHAs under which the Department of Housing and Urban Development (HUD) provides funds to the PHAs to administer the HCV program locally.

HUD provides funds both for administration of the program, which are unrestricted for use in the HCV program, and for the payments to landlords, which are restricted and classified as RNP. RNP is the balance of unspent HAP at any given point in time and cash should be sufficient to cover the RNP balance. HAP RNP monies may not be used to cover administrative expenses nor may HAP RNP be loaned, advanced, or transferred to other component units or other programs.

Context: The auditor reviewed the Authority's cash balances in comparison with their related restricted liabilities.

Effect: The Authority is not in compliance with applicable regulations regarding eligible use of HCV FSS escrow deposits and HCV reserves.

Cause: The Authority either spent these funds on operations or allowed other programs to borrow from these funds.

Questioned Costs: \$918,728.

Auditor Recommendations: The Authority should set aside enough cash to cover the FSS liability and HAP restricted net position.

Management Response: See Corrective Action Plan.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

2020-002 Allowability - Payroll

Public and Indian Housing Program - CFDA 14.850
Housing Voucher Cluster
Significant Deficiency in internal control

Same as Financial Statements Audit Finding 2020-002 above.

2020-003 Allowability - Cash Coverage

Housing Voucher Cluster
Material Weakness in Internal Control
Material Noncompliance

Same as Financial Statements Audit Finding 2020-003 above.

2020-004 Eligibility

Housing Voucher Cluster
Material Weakness in Internal Control
Material Noncompliance

Repeated in part from 2019 audit (see prior year Finding No. 2019-003)

Condition: Out of an approximate population of 2,045 tenants, 25 tenant files were tested and the following deficiencies were noted:

- Seven files were did not have the 50058 forms completed for recertifications performed over the phone,
- One file was missing the 214 declaration for all tenants in household,
- One file was missing the 9886 release of information form, and
- Two files had incorrect utility allowance calculations.

Criteria: The Authority's Administrative Plan and 24 CFR 982.516 requires internal controls to be in place to ensure proper procedures are being followed in compliance with HUD requirements regarding complete and accurate tenant files.

Context: The auditor randomly selected 25 tenant files out of the population, which we consider to be a statistically valid sample size. The auditor reviewed the tenant files and support to ensure that proper procedure are being followed and that the Authority is in compliance with HUD requirements regarding timely, complete, and accurate tenant files.

Cause: The Authority experienced staffing turnover and did not have the available staff to fill implement the established internal controls to ensure proper compliance with regards to timely recertifications and collection of required HUD documentation to complete a tenants file.

Effect: The Authority is not in compliance with HUD requirements regarding eligibility which could result in the incorrect amount of rental assistance provided.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2020-004 Eligibility (continued)

Housing Voucher Cluster

Material Weakness in Internal Control

Material Noncompliance

Repeated in part from 2019 audit (see prior year Finding No. 2019-003)

Questioned Costs: None.

Auditor Recommendations: The Authority should consider reevaluating their established procedures and controls in place to ensure full compliance in regards to eligibility. It was noted during testing that although QC check lists were part of all tenant files, it appeared that they were not properly being enforced for accuracy thus leading the auditor's to further investigate and confirm additional items were missing. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

Management Response: See Corrective Action Plan.

2020-005 Eligibility

Public and Indian Housing Program - CFDA 14.850

Material Weakness in Internal Control

Material Noncompliance

Repeated in part from 2019 audit (see prior year Finding No. 2019-007)

Condition: Out of an approximate population of 770 tenants, 30 tenant files were tested and the following deficiencies were noted:

- Five files had annual recertification past the 12 month period,
- One file was missing a 214 declaration for all tenants in household,
- One file was missing 9886 release of information form,
- Five files were missing flat rent forms, and
- Three files had incorrect income calculations.

Criteria: The Authority's ACOP and 24 CFR 960.259 requires internal controls to be in place to ensure proper procedures are being followed in compliance with HUD requirements regarding complete and accurate tenant files.

Context: The auditor randomly selected 30 tenant files out of the population, which is considered to be a statistically valid sample. The auditor reviewed the tenant files and support to ensure that proper procedure are being followed and that the Authority is in compliance with HUD requirements regarding timely, complete, and accurate tenant files.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2020-005 Eligibility (continued)

Public and Indian Housing Program - CFDA 14.850

Material Weakness in Internal Control

Material Noncompliance

Repeated in part from 2019 audit (see prior year Finding No. 2019-007)

Cause: The Authority experienced staffing turnover and did not have the available staff to fully implement the established internal controls to ensure proper compliance with regards to timely recertifications and collection of required HUD documentation to complete a tenants file.

Effect: The Authority is not in full compliance with HUD requirements regarding eligibility which could result in the incorrect amount of rental assistance provided.

Questioned Costs: None.

Auditor Recommendations: The Authority should consider reevaluating their established procedures and controls in place to ensure full compliance in regards to eligibility. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

Management Response: See Corrective Action Plan.

2020-006 Allowability - Disbursements

Public and Indian Housing Program - CFDA 14.850

Capital Fund Program CFDA - 14.872

Significant Deficiency in internal control

Condition: Out of approximately 1,900 disbursements made during the year, 62 disbursements were selected for testing and of the selected disbursements, supporting documentation of 6 were unable to be provided. The Authority asserts these were removed from the premises due to the ongoing FBI investigation.

Criteria: HUD rules and regulations, GAAP, and 2 CFR 225 require adequate internal controls over cash disbursements to ensure that amounts paid are for allowable activities and costs and that amounts paid for are allowable costs and activities and that they are reasonable and necessary. The Authority is responsible for ensuring that all cash disbursements are processed in accordance with internal policies and applicable rules and regulations.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2020-006 Allowability - Disbursements (continued)

Public and Indian Housing Program - CFDA 14.850

Capital Fund Program CFDA - 14.872

Significant Deficiency in internal control

Context: The auditor haphazardly selected 62 disbursements out of the population, which is considered to be a statistically valid sample size. The auditor reviewed the disbursements and support to ensure that proper procedure are being followed and that the Authority is in compliance with HUD requirements regarding complete and accurate invoice packets and disbursements.

Cause: The Authority released hard copy records to comply with the ongoing FBI investigation that began in 2019. The employees that were active from the start of the investigation have been removed from their positions. The Authority only maintained hard copy account transaction support with no electronic or scanned copies.

Effect: The Authority is unable to provide the requested documentation for review.

Questioned Costs: None.

Auditor Recommendations: The Authority should continue to follow policies and procedures in place and consider adding a procedure to digitally scan files into a filing system to prevent a loss of the Authority's accounting transactions records.

Management Response: See Corrective Action Plan.

2020-007 Procurement

Public and Indian Housing Program - CFDA 14.850

Capital Fund Program - CFDA 14.872

Significant Deficiency in Internal Control

Condition: Out of 10 procured contracts in place, 5 contract files were tested and of the selected contract files 2 did not contain any pertinent information to confirm that the Authority properly procured the contracts.

Criteria: The Authority's procurement policy and HUD rules and regulations require that certain procedures be performed in the procurement of vendors to ensure that fair and open competition results in services of the best possible value to the Authority.

Context: The auditor haphazardly selected 5 contract files out of the population, which we consider are in place to ensure that proper procedure are being followed and that the Authority is in compliance with HUD requirements regarding complete and accurate contract files.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2020-007 Procurement (continued)

Public and Indian Housing Program - CFDA 14.850

Capital Fund Program - CFDA 14.872

Significant Deficiency in Internal Control

Cause: The Authority has not strictly enforced the procurement policy of micro transactions.

Effect: The Authority did not follow the procurement policy in place and did not verify the qualifications, authenticity, and debarment of a potential vendor. This could potentially put the Authority at risk for misappropriation of federal spending as well create a conflict of interest between the Authority and vendor.

Questioned Costs: None.

Auditor Recommendations: The Authority should follow policies and procedures in place regarding procurement requirements.

Management Response: See Corrective Action Plan.

2020-008 Special Tests and Provisions - Housing Quality Standard (HQS) Failed Inspections

Housing Voucher Cluster

Significant Deficiency in Internal Control

Other Matter to Reported Under the Uniform Guidance

Repeated in part from 2019 audit (see prior year Finding No. 2019-006)

Condition: The Authority was not able to provide supporting documentation providing evidence that units which failed inspection were reinspected in a timely manner.

Criteria: HUD regulations require that units leased to a family are inspected at least annually to determine if the unit meets Housing Quality Standards (HQS). In addition, inspections must be documented on a unit inspection report. For units that fail inspections, any life threatening deficiencies must be corrected within 24 hours and all other deficiencies must be corrected within 30 calendar days or within a specified PHA-approved extension. If the deficiency is not corrected, the HAP payment must be abated no later than the first of the following month.

Context: The auditor tested failed inspections to compare to the reinspection dates of the unit and was unable to conclude that the reinspections were completed in a timely manner. We consider this a necessity to verify that proper procedures are being followed and that the Authority is in compliance with HUD requirements regarding HQS reinspections.

Housing Authority of South Bend

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

September 30, 2020

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (continued)

2020-008 Special Tests and Provisions - Housing Quality Standard (HQS) Failed Inspections (continued)

Housing Voucher Cluster (continued)

Significant Deficiency in Internal Control (continued)

Other Matter to Reported Under the Uniform Guidance (continued)

Cause: Significant turnover and lack of proper oversight contributed to the errors noted. The Authority did not have adequate internal controls in place over failed inspections.

Effect: The Authority is unable to provide the requested documentation for review. The Authority may not be in full compliance with applicable HUD regulations.

Questioned Costs: None.

Auditor Recommendations: The Authority should make sure that failed HQS inspections are properly documented on the inspection report, and done within the required time frame or are properly abated. If the Authority does not reperform the inspection within the required time frame and does not abate the HAP payment, the Authority should document the reason in order to determine if it was reasonable. Also, the Authority should assure that all critical repairs for life threatening deficiencies are completed within 24 hours.

Management Response: See Corrective Action Plan.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

September 30, 2020

2019-001 Inadequate Controls Over Financial Reporting

Material Weakness in Internal Control

This is a repeat finding of 2018-001 from September 30, 2018 (initially occurred as Finding 2012-10 from September 30, 2012)

Condition: The internal controls of the Authority are deficient and/or are not being adhered to 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. The following was noted:

- Journal entry testing.
- Disbursements testing.
- A non-federal bank account balance that had not changed from the prior year and had not been reconciled prior to the year-end close. This account required an adjustment of \$25,272 (shown as \$26,119 in the general ledger but the actual cash balance was \$847) of which \$25,000 of the change related to a bank withdrawal on November 15, 2018.
- The Authority did not reconcile the receivable amount for VASH Port-ins and appears not to be reconciled in some time.
- It was noted that accounting costs paid to the fee accountant of approximately \$47,679 were misclassified to programs and should have been all charged to the COCC.
- It was noted that the FSS Escrow Liability account had not been reconciled and an adjustment of \$70,364 was necessary to correct.
- It was noted contractor unit turnaround charges in the amount of \$185,099 were expensed to payroll and as such an adjustment was necessary to correct.
- As a result of the audit, accounts payable was adjusted by \$58,776.
- As noted in Finding 2019-010, an additional amount payable to HUD of \$67,508 was recorded due to a CFP invoice being billed twice and other CFP draws with insufficient support.
- HAP expense was increased by \$125,378 to correct a misclassification.
- Various other expense account misclassifications (including between programs) were corrected.
- As discussed as a subsequent event in Note 14 to the financial statements, on March 18, 2020, the HUD Quality Assurance Division ("QAD") issued a Financial Management Review ("review") primarily of the Housing Choice Voucher Program ("HCV"). The review revealed significant concerns about the HACSB's financial recording and reporting. Specifically, the Authority has not reconciled its HCV HAP bank account since March 2019 and the HCV admin bank account has not been reconciled since December 2018.
- There are no audit trails for accounting transaction adjustments, in 2018 the HACSB went for 8 months without recording any financial transactions at all; records were subsequently "recreated" without valid audit trails and could not verify the availability of cash and investments to support the restricted net position (RNP) and unrestricted net position (UNP) of the HCV program.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-001 Inadequate Controls Over Financial Reporting (continued)

Other comments and findings from the QAD review are enumerated below:

- Finding No 2020-01: The HACSB's financial records were not maintained in a manner that would permit a speedy and effective audit and the Authority's financial and internal controls need improvement.
 - Finding No. 2020-02 : HCV administrative costs were paid from comingled funds, resulting in other programmatic funds being used to pay for HCV expenses and the Authority's HCV program is insolvent.
 - Finding No. 2020-03: HCV Program funds were inappropriately spent.
 - Finding No. 2020-04: The Authority owes \$109,721 to the FSS Escrow Account and needs to reconcile its FSS accounts.
 - Finding No. 2020-05: The Authority had not returned all the interest earned on the investment of restricted HAP funds to the U.S. Department of Treasury.
 - Finding No. 2020-06: The RNP and UNP balances were incorrectly calculated and incorrectly reported in the VMS.
- As discussed as a subsequent event in Note 14 to the financial statements, on April 30, 2020, the HUD Indianapolis Field Office ("F.O.") conducted a financial review of the Housing Authority of South Bend on December 10-12, 2019 which covered the time period of December 2016 through April 30, 2020. The objectives of the review were to determine the origin of the Authority's COCC revenue; determine the cost allocation of the Authority's administrative staff between its Public Housing and HCV programs; review the Authority's bank accounts and transactions therein; and to perform a limited review of the Authority's Capital Fund compliance and activities. The comments and findings from the F.O. review are enumerated below:
 - Finding No 1: Between December 2016 and December 2019, the Authority transferred and spent a total of \$1,597,752 in restricted HAP funds on non-HAP purposes. The F.O. asserts the Authority violated numerous HUD regulations as well as the terms of its Annual Contributions Contract and is at risk of a declaration of substantial default and that the Authority has misused its restricted HAP funds to support its HCV administrative expenses as well as Public Housing expenses and unknown other uses in its General Fund account. This misappropriation of funds is the proximate cause of its continuing monthly HAP shortfalls.

As the Authority's current RNP cash position has been effectively reduced to \$0 as a result of its past misappropriations, it now cannot pay its monthly HAP obligations in full and must prioritize landlord payments until it can apply for and receive an HHR disbursement to make up the difference.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-001 Inadequate Controls Over Financial Reporting (continued)

- Finding No. 2: The Authority pays all HCV and COCC administrative expenses as well as LIPH operating and capital expenses out of its General Fund account, but does not maintain accurate records of the programmatic sources of funds used to pay those expenses.

Auditor Recommendations: The Authority should establish and adhere to internal controls to ensure that appropriate adjustments are recorded so that the financial statement are fairly presented.

Current Year Status: Repeated in part in current year Finding No. 2020-001.

2019-002 Reporting - Inaccurate and late FDS Submission

Public and Indian Housing Program - CFDA 14.850

Housing Voucher Cluster

Capital Fund Program - CFDA 14.872

Material Weakness in Internal Control

Material Noncompliance

This is a repeat finding of 2018-002 from September 30, 2018 (initially occurred as Finding 2012-10 from September 30, 2012)

Condition: In addition to the items affecting Public Housing and HCV as noted in Finding 2019-001, the Authority's original unaudited FDS filing was materially misstated and was rejected by REAC which required the filing to be corrected and resubmitted. In addition, the unaudited FDS filings were not submitted within the timeframes specified by HUD. The Authority submitted the original unaudited FDS filing on January 16, 2020 (of which the extended due date was January 15, 2020). The Authority submitted the revised unaudited FDS filing on November 4, 2020 (and was required to be submitted by April 3, 2020).

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-002 Reporting - Inaccurate and late FDS Submission (continued)

Auditor Recommendations: The Authority should make every effort to file its REAC submissions accurately and timely.

Current Year Status: Cleared in current year due to timely filing for the 2020 Fiscal Year End.

2019-003 Eligibility - Tenant Files

Housing Voucher Cluster

Material Weakness in Internal Control

Material Noncompliance

This is a repeat finding of 2018-003 from September 30, 2018 (initially occurred as Finding 2012-5 from September 30, 2012)

Condition: 25 tenant files were selected for testing (out of approximately 2000 vouchers) and the following was noted:

- 3 tenant files where a signed lead base paint form was missing from the tenant file for units that were built before 1978.
- 1 tenant file where the child care income of \$7,203 was excluded from the tenant's household income. This caused the HAP rent to change from \$909 to \$729, which is a \$180 decrease.

As part of the new admissions testing (10 tested out of 100 new admissions). The following was also noted:

- 1 tenant file where there is no support of a signed HAP contract.
- 2 tenant files where two dependents in the tenants' household were missing a signed 214 affidavit form. However, the dependents were U.S. citizens per review of their birth certificates.
- 1 tenant file where the head of household did not check the box on the 214 affidavit form indicating that they were a U.S. citizen or a permanent resident. However, per review of the birth certificate, the tenant was a U.S. citizen.
- 3 tenant files where there was no support of a criminal background check being performed on the tenant upon their admission into the Section 8 program.

Auditor Recommendations: The Authority should improve review procedures and increase training to employees and reviewers to insure that the Authority is in compliance with HUD rules for verification of tenant information and calculation of tenant rents.

Current Year Status: Repeated in part in current year Finding No. 2020-004.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-004 Special Tests and Provisions - Housing Quality Standards Inspections

Housing Voucher Cluster
Material Weakness in Internal Control
Material Noncompliance

Condition: There is no support that quality control inspections were performed for the 2019 fiscal year. Per 24 CFR 982.405(b), the Authority is required to perform 29 quality control inspections for the 2019 fiscal year.

Auditor Recommendations: Quality control Inspectors should perform the required re-inspections throughout the year to assure that inspections are being properly performed.

Current Year Status: Not repeated in the current year due to HUD waivers.

2019-005 Activities Allowed or Unallowed - Use of HCV FSS Escrow and HAP Monies

Housing Voucher Cluster
Material Weakness in Internal Control
Material Noncompliance

This is a repeat finding of 2018-004 from September 30, 2018 (initially occurred as Finding 2017-007 from September 30, 2017)

Condition: The Authority did not have sufficient cash in the HCV program to cover the FSS escrow liability and the HAP restricted net position (RNP), as well as an amount due to HUD (for interest) and is short approximately \$170,648. Total cash in the HCV program of \$1,135,827 is insufficient to cover the FSS escrow liability (\$118,244), HAP RNP (\$1,182,007) and accrued interest owed to HUD (\$6,224) totaling \$1,306,475.

Auditor Recommendations: The Authority should set aside enough cash to cover the FSS liability and HAP RNP once it has enough cash available.

Current Year Status: Repeated in the current year Finding No. 2020-003.

2019-006 Special Tests and Provisions - Housing Quality Standard (HQS) Failed Inspections

Housing Voucher Cluster
Significant Deficiency in Internal Control
Other Matter to Reported Under the Uniform Guidance

Condition: In testing 25 failed HQS inspections, the following instance of noncompliance was noted: Auditors noted 1 failed inspection issue (out of 25 tested in a population of 600 failed inspections) where a unit did not pass inspection 118 days passed the original inspection date, and the HAP rent was not abated for three months. There was no support that an abatement letter was sent to the landlord.

Current Year Status: Repeated in the current year Finding No. 2020-008.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-007 Eligibility - Tenant Files

Public and Indian Housing Program - CFDA 14.850

Material Weakness in Internal Control

Material Noncompliance

Condition: Out of 25 tenant files selected for testing (out of a population of approximately 800), the following instances of noncompliance were noted:

- 9 files having income calculation issues.
- 3 files missing asset support.
- 2 files missing support for medical and childcare cost.
- 2 files missing EIVs.
- 1 file having an incomplete personal declaration form.

Auditor Recommendations: The Authority should improve review procedures and increase training to employees and reviewers to insure that the Authority is in compliance with HUD rules for verification of tenant information and calculation of tenant rents.

Current Year Status: Repeated in the current year Finding No. 2020-005.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-008 Special Tests and Provisions - Waiting List and New Admissions

Public and Indian Housing Program - CFDA 14.850

Material Weakness in Internal Control

Material Noncompliance

Condition: Out of 23 new admissions selected for testing (out of a population of 228), testing was stopped after 8 files and the following was noted:

- 1 instance where a single person household was admitted into a three-bedroom unit.
- For the household above, the waiting list showed 4 points on admission. However, the correct preference points should have been 5 (so should have been admitted earlier).
- 1 instance where the application date and time didn't agree to the amount listed on the waiting list and would have changed the order of selection.
- 1 instance where the tenant applicant was assigned incorrect preference points. At the time of admission, the tenant wasn't working but received 3 preference points (for the working preference) and therefore was selected improperly from the waiting list. In addition, the tenant was selected from an August 2018 waiting list but wasn't housed until June of 2019.

In addition, 25 applicants were selected from the waiting list for testing (but stopped testing after testing 16 files) and the following was noted:

- 2 instances where applicants were assigned incorrect preference points on the waiting list.
- 1 instance where applicant showed an incorrect date on the waiting list.
- 1 instance where an applicant was missing from the waiting list.
- In addition, the auditors noted an additional 13 applicants that were miss categorized in the system and were not included on the waiting list and would never have been selected for admission .

As a result, applicants are not being selected for housing in the proper order.

Current Year Status: Cleared in the current year, there were no issues noted with waiting list admissions and applicant testing.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-009 Special Tests and Provisions - Utility Allowance Rates

Public and Indian Housing Program - CFDA Number 14.850

Material Weakness in Internal Control

Material Noncompliance

Condition: A utility allowance study was conducted for the 2019 fiscal year. However, the utility allowance rates used by the Authority in its rent calculation for fiscal year 2019 were based on a study conducted in a previous year and the Authority did not implement the new rates that were based on the new study. Based on a comparison utility rate sheet the Authority should have used the updated rates for Water and Trash collection as the rates appeared to have changed by 10% or more.

Current Year Status: Cleared in the current year, a utility study was performed and properly implemented.

2019-010 Allowable Costs/Cost Principles - CFP Draws and Cost

Public Housing Capital Fund - CFDA Number 14.872

Material Weakness in Internal Control

Material Noncompliance

Condition: The Authority was reimbursed \$33,377 for CFP invoices submitted by the Authority that had already been submitted and funded (for CFP 2018) - and therefore HUD funded the same invoices twice. It was also noted another CFP draw (for CFP 2018) where the Authority could not provide all of the invoices supporting the draw of \$114,722 (only \$91,795 of invoices were able to be provided leaving \$22,927 unsupported). The auditors also requested support for amounts billed by vendor KTR. The auditors selected 3 invoices at random to determine if the vendor was billing the appropriate amount based on the contract. The Authority could not locate the support calculation for the amount billed for 1 of the 3 requested in the amount of \$11,204.

Current Year Status: Cleared in current year, no findings were noted during the fiscal year 2020 testing of CFP draws and costs.

Housing Authority of South Bend

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

September 30, 2020

2019-011 Special Tests and Provisions - Wage Rate Requirements

Public Housing Capital Fund - CFDA Number 14.872

Material Weakness in Internal Control

Material Noncompliance

Condition: The auditors selected 3 contractor files funded by the Capital Fund Program. Of the 3 files requested, 1 file contained the required documentation and certified payrolls. However, 1 file did not contain the required certified payrolls and 1 file could not be located. Therefore, contractors were being paid without review of the certified payrolls.

Current Year Status: Cleared in the current year, there were no issues noted with wage rates.



CORRECTIVE ACTION PLAN

December 27, 2021

U.S. Department of Housing and Urban Development

The Housing Authority of South Bend respectfully submits the following corrective action plan for the year ended September 30, 2020.

Berman Hopkins Wright & LaHam, CPAs and Associates, LLP
8035 Spyglass Hill Road
Melbourne, FL 32940

Audit period: October 1, 2019 – September 30, 2020

The findings from the September 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

2020-001 Financial Reporting

Significant Deficiency in Internal Control

Condition: The internal controls of the Authority are deficient and/or are not being adhered to 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. The following was noted:

- The Authority did not reconcile the receivable amount for VASH Port-ins and it appears not to have been reconciled in some time.
- The Authority did not properly account for unearned revenue related to prepaid tenant rents as the balance was the same as the prior year.
- We noted immaterial tenant fraud receivable balances that were the same balances from the prior year and did not seem to be reconciled.

Auditor's Recommendation: The Authority should establish and adhere to internal controls to ensure that appropriate adjustments are recorded so that the financial statements are fairly presented.

2020-001 Financial Reporting (continued)

Action Taken: In the short-term HCV personnel and finance personnel will work together to reconcile the VASH port-in receivable accounts, fraud recovery and prepaid tenant rents. Over the long term, procedures will be established to ensure that appropriate adjustments are recorded so that the financial statements are fairly presented. The timeline for the procedures to be established will be the 1st quarter of fiscal year ending September 30, 2022. The responsible parties are the Chief Financial Officer and HCV Director.

2020-002 Allowability – Payroll

Significant Deficiency in Internal Control

Condition: Out of approximately 52 employees, 15 employee payroll files were tested and the following deficiencies were noted:

- One file did not contain pay rate information for the two pay periods tested
- Seven employees pay rate did not agree to personnel file; four of which did not agree to either pay period tested.

Auditor's Recommendations: The Authority should consider reevaluating their established procedures and controls until additional staff are added to assist with the process. The Authority needs to correct the deficiencies noted in the tested payroll files and continue to do their due diligence on assuring all payroll files are up to date and meet payroll procedure requirements.

Action Taken: The Authority will review and make corrections to the employee files that were selected for testing. Also, a thorough review will be conducted on all employee files to make sure that payrates in the employee files are consistent with the data shown on the payroll portal. A procedural check list will be created with steps that will be followed when payrates change take place with any employees. The authority will conduct internal periodic audits with a selected number of files, to ensure that payroll requirements are being consistently met. The timeline is ongoing. The responsible person is the Chief Financial Officer.

2020-003 Allowability - Cash Coverage

Material Weakness in Internal Control

Material Noncompliance

Condition: The Authority does not have sufficient cash in the HCV program to cover the Family Self-Sufficiency ("FSS") escrow liability and the HAP restricted net position ("RNP"), as well as an amount due to HUD for interest, which results in a shortfall of \$790,166. Total cash in the HCV program of \$772,797 is insufficient to cover the FSS escrow liability \$135,402, HAP RNP \$1,401,636 and accrued interest owed to HUD \$25,925 totaling \$1,562,963.

Auditor's Recommendations: The Authority should set aside enough cash to cover the FSS liability and HAP restricted net position.

2020-003 Allowability - Cash Coverage (continued)

Action Taken: The FSS coordinator and Finance personnel will work together monthly to ensure proper FSS balances. The finance department will continue to designate these funds separate from other operations and programs, understanding that these funds are restricted to FSS only. The authority will work to set aside enough cash to cover the FSS liability and HAP restricted net position. The process is ongoing. The responsible person is the Chief Financial Officer.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

2020-002 Allowability - Payroll

Public and Indian Housing Program - CFDA 14.850
Housing Voucher Cluster
Significant Deficiency in internal control

Same as Financial Statements Audit Finding 2020-002 above.

Action Taken: See response at Financial Statements Audit Finding 2020-002 above.

2020-003 Allowability - Cash Coverage

Housing Voucher Cluster
Material Weakness in Internal Control
Material Noncompliance

Same as Financial Statements Audit Finding 2020-003 above.

Action Taken: See response at Financial Statements Audit Finding 2020-003 above.

2020-004 Eligibility

Housing Voucher Cluster
Material Weakness in Internal Control
Material Noncompliance

Condition: Out of an approximate population of 2,045 tenants, 25 tenant files were tested and the following deficiencies were noted:

- Seven files were did not have the 50058 forms completed for recertifications performed over the phone,
- One file was missing the 214 declaration for all tenants in household,
- One file was missing the 9886 release of information form, and
- Two files had incorrect utility allowance calculations.

Auditor Recommendations: The Authority should consider reevaluating their established procedures and controls in place to ensure full compliance in regards to eligibility. It was noted during testing that although QC checklists were part of all tenant files, it appeared that they were not properly being enforced for accuracy thus leading the auditor's to further investigate and confirm additional items were missing. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

2020-004 Eligibility (continued)

Action Taken: The Authority will implement internal controls, including using the QC check lists, to ensure tenant files are maintained according to all HUD regulations. Training will be instituted for all HCV Staff regarding file content requirements. Internal QC checks will be performed monthly to ensure worker compliance with instruction. This process has begun and is ongoing. The responsible person is the HCV Program Director.

2020-005 Eligibility

Public and Indian Housing Program - CFDA 14.850

Material Weakness in Internal Control

Material Noncompliance

Condition: Out of an approximate population of 770 tenants, 30 tenant files were tested and the following deficiencies were noted:

- Five files had annual recertification past the 12 month period,
- One file was missing a 214 declaration for all tenants in household,
- One file was missing 9886 release of information form,
- Five files were missing flat rent forms, and
- Three files had incorrect income calculations.

Auditor Recommendations: The Authority should consider reevaluating their established procedures and controls in place to ensure full compliance in regards to eligibility. The Authority needs to correct the deficiencies noted in the tested files and consider the impact to the rest of the population of tenant files that were not selected as part of the auditor's sample.

Action Taken: The Authority's management agrees with the findings and will implement internal controls to ensure that annual recertifications/reexaminations are being conducted in accordance with HUD guidance. We will implement more training with staff. The controls will be in place by the end of the 3rd quarter 2022. The responsible person is the Public Housing Director.

2020-006 Allowability - Disbursements

Public and Indian Housing Program - CFDA 14.850

Capital Fund Program CFDA - 14.872

Significant Deficiency in internal control

Condition: Out of approximately 1,900 disbursements made during the year, 62 disbursements were selected for testing and of the selected disbursements, supporting documentation of 6 were unable to be provided. The Authority asserts these were removed from the premises due to the ongoing FBI investigation.

Auditor Recommendations: The Authority should continue to follow policies and procedures in place and consider adding a procedure to digitally scan files into a filing system to prevent a loss of the Authority's accounting transactions records.

Action Taken: The Authority has put new staff in place. Under the direction of new leadership, procedures and controls are being put in place to ensure disbursement files are in a secure and safe environment, and that copies (not originals) are given if requested by third parties. This is ongoing. The responsible person is the Chief Financial Officer.

2020-007 Procurement

Public and Indian Housing Program - CFDA 14.850
Capital Fund Program - CFDA 14.872
Significant Deficiency in Internal Control

Condition: Out of 10 procured contracts in place, 5 contract files were tested and of the selected contract files 2 did not contain any pertinent information to confirm that the Authority properly procured the contracts.

Auditor Recommendations: The Authority should follow policies and procedures in place regarding procurement requirements.

Action Taken: The Authority has added additional procedures to its procurement policy. Also, under new procurement leadership, action has been taken to review the files to ensure all contracts include all mandatory information. If there is a deviation from the policy, a written statement is included in the file with an explanation of the deviation. This has been implemented as of September 30, 2021. The responsible person is the Procurement Director.

2020-008 Special Tests and Provisions - Housing Quality Standard (HQS) Failed Inspections

Housing Voucher Cluster
Significant Deficiency in Internal Control
Other Matter to Reported Under the Uniform Guidance

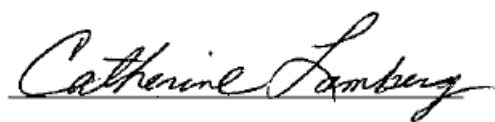
Condition: The Authority was not able to provide supporting documentation providing evidence that units which failed inspection were reinspected in a timely manner.

Auditor Recommendations: The Authority should make sure that failed HQS inspections are properly documented on the inspection report, and done within the required time frame or are properly abated. If the Authority does not reperform the inspection within the required time frame and does not abate the HAP payment, the Authority should document the reason in order to determine if it was reasonable. Also, the Authority should assure that all critical repairs for life threatening deficiencies are completed within 24 hours.

Action Taken: The Authority has hired a 3rd party vendor to perform initial and reinspections. Authority staff will perform the QC inspections and will verify that all units which fail inspection will be reinspected within the required timeframe and HAP will be abated as necessary. All critical repairs for life threatening deficiencies will be completed within the 24 hour requirement. This has been implemented as of September 30, 2021. The responsible person is the HCV Program Director.

If the Department of Housing and Urban Development has questions regarding this plan, please contact Catherine Lamberg, Executive Director at (574) 235-9346.

Sincerely yours,



Catherine Lamberg
Executive Director