



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B58429

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 27, 2022

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

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

In our opinion, Velma Butler & Company, Ltd., prepared the audit report in accordance with the guidance established by the State Board of Accounts.

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

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

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
MARCH 31, 2021,
INCLUDING SINGLE AUDIT REPORTS
AND SUMMARY OF AUDITORS' RESULTS

HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT		1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS		4-10
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position – Enterprise Funds	A	11
Statement of Revenues, Expenses, and Change in Net position–Enterprise Funds	B	12
Statement of Cash Flows - All Enterprise Funds - All Fund Types and Account Groups	C	13
Notes to the Financial Statements		14-25
SUPPLEMENTAL INFORMATION:		
Statement of Net Position – Programs		26
Statement of Revenues, Expenses, and Change in Net position – Programs		27
Schedule of Expenditures of Federal Awards	D	28
Notes to the Schedule of Expenditures of Federal Awards		29
Financial Data Schedules – Audited REAC Submittal	E	30-34
Statement of Capital Fund Costs – Uncompleted	F	35
Statement of Capital Fund Costs – Completed	G	36
SINGLE AUDIT REPORTS:		
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		37-38
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Report on Schedule of Federal Expenditures Of Federal Awards Required by Uniform Guidance		39-41
Independent Auditors’ Report on Agreed-Upon Procedures		42-43
SCHEDULE OF FINDINGS AND QUESTIONED COSTS:		
Summary of Auditor’s Results		44
Schedule of Findings and Questioned Costs - Current Year		45
Schedule of Findings and Questioned Costs - Prior Year		46
Statement of Compliance with Section 8 Management Assessment Program		47
Statement of Compliance with Public Housing Assessment System Program		48

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the primary government business type activities of the Housing Authority of the City of Elkhart, Indiana (Authority), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose for forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanied financial data schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Summarized Comparative Information

We previously audited the Authority's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements based on our report dated February 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd." The signature is written in dark ink and is positioned above the printed name of the firm.

Velma Butler & Company, Ltd.
Chicago, Illinois

December 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Elkhart, Indiana (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on March 31, 2021. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended March 31, 2021. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

- Total assets were \$18.4 million at March 31, 2021, an increased of \$2.2 million from the \$16.2 million at March 31, 2020, mainly due to increases in receivables and capital assets.
- Net capital assets were \$11.6 million at March 31, 2021, and increased \$940 thousand from \$10.7 million at March 31, 2020. This was primarily due to an increase in HUD Capital Grant.
- Total liabilities increased by \$671 thousand to \$1.1 million at March 31, 2021 from \$465 thousand at March 31, 2020. The increase is due to deferred revenue from the CARES ACT.

- Total net position was \$17.3 million at March 31, 2021, an increase of about \$1.6 million or 9.9 percent from prior year balance of \$15.7 million.
- Total revenue was \$11 million at March 31, 2021, an increase of \$588 thousand from the March 31, 2020, balance of \$10.4 million. The increase was primarily due to the CARES ACT funding.
- Total expenses increased by \$490 thousand to \$9.5 million at March 31, 2021 from \$9 million at March 31, 2020.

USING THIS REPORT

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as an enterprise fund whose operations include the low rent, housing choice voucher programs, and a blended component unit.

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

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

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percent of Change</u>
Current Assets	\$ 6,776	\$ 5,490	\$ 1,286	23.4%
Capital Assets	11,644	10,704	940	8.8%
Total Assets	<u>\$ 18,420</u>	<u>\$ 16,194</u>	<u>\$ 2,226</u>	13.7%
Current Liabilities	\$ 970	\$ 288	\$ 682	236.8%
Other Non Current Liabilities	166	177	(11)	-6.2%
Total Liabilities	<u>1,136</u>	<u>465</u>	<u>671</u>	144.3%
Invested in Capital Assets, Net	11,644	10,704	940	8.8%
Unrestricted	5,617	5,025	592	11.8%
Restricted	23	-	23	0.0%
Total Net Position	<u>17,284</u>	<u>15,729</u>	<u>1,555</u>	9.9%
Total Liab. and Net Position	<u>\$ 18,420</u>	<u>\$ 16,194</u>	<u>\$ 2,226</u>	13.7%

As shown in Table 1, the Authority's total net position at March 31, 2021, was approximately \$18.4 million, a 13.7 percent increase from the March 31, 2020, balance of \$16.2 million.

Capital Assets

Capital assets increased by approximately \$281 thousand from \$10.1 million to \$10.4 million, as shown in the table below:

Table 2
Elkhart Housing Authority's Capital Assets

	March 31, 2020	Additions and Transfers in	March 31, 2021
Land	\$ 1,023,922	\$ -	\$ 1,023,922
Building & Improvements	36,226,306	1,716,285	37,942,591
Furniture and Equipment	1,669,602	102,608	1,772,210
Construction in Progress	-	-	-
(Less) Accumulated Depr.	(28,215,812)	(878,894)	(29,094,706)
Total Capital Assets	\$ 10,704,018	\$ 939,999	\$ 11,644,017

For 2021 depreciation expense was \$878,894 and there was no construction in progress. Capital additions were \$1,818,893, and there were no disposals. Additional detail can be found in the notes to the financial statements.

Investments and Accrued Interest Receivable

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

Revenues

As shown in Table 3, the Authority's total operating revenues increased to \$11 million by \$588 thousand or 5.6 percent for the year ended March 31, 2021.

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

Description	2021	2020	Change	Percent of Change
Operating Revenue	\$ 9,642	\$ 9,388	\$ 254	2.7%
Non-Operating Revenue	1,373	1,039	334	32.1%
Total Revenue	11,015	10,427	588	5.6%
Operating Expenses	8,581	8,120	461	5.7%
Depreciation	879	850	29	3.4%
Total Expenses	9,460	8,970	490	5.5%
Change in Net Position	1,555	1,457	98	6.7%
Beginning Net Position	15,729	14,270	1,459	10.2%
Prior Period Adjustment	-	2	(2)	0.0%
Ending Net Position	\$ 17,284	\$ 15,729	\$ 1,555	9.9%

Expenses

Total operating expenses, including depreciation, increased by \$490 thousand or 5.5 percent for a total balance of \$9.5 million for the year ended March 31, 2021. Changes are shown below in Table 4:

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

Description	2021	2020	Change	Percent of Change
Administrative Expenses	\$ 1,565	\$ 1,611	\$ (46)	-2.9%
Tenant Services	16	11	5	45.5%
Utilities Expenses	371	306	65	21.2%
Ordinary Maintenance	1,237	1,215	22	1.8%
Protective Services	95	79	16	20.3%
Insurance Expense	252	238	14	5.9%
General Expenses	198	191	7	3.7%
Housing Assistance Payments	4,847	4,469	378	8.5%
Depreciation Expense	879	850	29	3.4%
Total Operating Expenses	\$ 9,460	\$ 8,970	\$ 490	5.5%

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

BUDGETARY CONTROL

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

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

ECONOMIC FACTORS

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

MAJOR INITIATIVES

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ann Washington, Deputy Director, the Housing Authority of the City of Elkhart, Indiana 1396 Benham Ave, Elkhart, Indiana 46516 or call (574) 295-8392.

FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
MARCH 31, 2021 (WITH 2020 COMPARATIVES)

EXHIBIT A

	2021 TOTAL AUTHORITY	2020 TOTAL AUTHORITY
ASSETS		
Cash and Cash Equivalents (Unrestricted)	\$ 4,096,704	\$ 3,685,649
Cash and Cash Equivalents (Restricted)	769,064	179,890
Accounts Receivable (net allowances)	949,587	658,000
Accrued Interest Receivable	-	16,852
Investments	806,730	800,000
Prepaid, Deposits and Escrows	84,173	82,025
Inventory (net allowances)	69,784	67,767
TOTAL CURRENT ASSETS	<u>6,776,042</u>	<u>5,490,183</u>
Capital Assets, Net	11,644,017	10,704,018
TOTAL NON-CURRENT ASSETS	<u>11,644,017</u>	<u>10,704,018</u>
TOTAL ASSETS	<u>\$ 18,420,059</u>	<u>\$ 16,194,201</u>
LIABILITIES AND NET POSITION		
Accounts Payable	\$ 140,921	\$ 172,077
Accrued Liabilities - Current	249,294	116,304
Deferred Revenue	579,328	-
TOTAL CURRENT LIABILITIES	<u>969,543</u>	<u>288,381</u>
Accrued Liabilities - Non-Current	71,927	85,291
FSS Escrow Deposits	94,292	91,667
TOTAL NON-CURRENT LIABILITIES	<u>166,219</u>	<u>176,958</u>
TOTAL LIABILITIES	<u>1,135,762</u>	<u>465,339</u>
Invested in Capital Assets	11,644,017	10,704,018
Unrestricted Net Position	5,617,191	5,024,844
Restricted Net Position	23,089	-
TOTAL NET POSITION	<u>17,284,297</u>	<u>15,728,862</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 18,420,059</u>	<u>\$ 16,194,201</u>

See accompanying notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2021 (WITH 2020 COMPARATIVES)**

EXHIBIT B

	2021 TOTAL AUTHORITY	2020 TOTAL AUTHORITY
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,339,460	\$ 1,416,826
HUD Operating Grants	7,797,956	7,734,535
Other Income	504,453	237,096
TOTAL OPERATING REVENUES	<u>9,641,869</u>	<u>9,388,457</u>
OPERATING EXPENSES		
Administrative Expenses	1,565,367	1,611,374
Tenant Services	16,417	10,638
Utilities Expense	371,133	305,743
Ordinary Maintenance and Materials	1,236,648	1,215,284
Protective Services	94,667	78,625
Insurance Expense	251,441	238,083
General Expenses	198,299	191,059
Housing Assistance Payments	4,846,967	4,468,889
Depreciation Expense	878,894	850,578
TOTAL OPERATING EXPENSES	<u>9,459,833</u>	<u>8,970,273</u>
OPERATING INCOME (LOSS)	<u>182,036</u>	<u>418,184</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest	12,577	29,050
INCOME BEFORE OTHER REVENUES (EXPENSES)	<u>12,577</u>	<u>29,050</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	1,360,822	1,009,553
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,360,822</u>	<u>1,009,553</u>
CHANGE IN NET POSITION	1,555,435	1,456,787
NET POSITION AT BEGINNING OF PERIOD	15,728,862	14,269,953
PRIOR PERIOD ADJUSTMENT	-	2,122
NET POSITION AT END OF PERIOD	<u>17,284,297</u>	<u>\$ 15,728,862</u>

See accompanying notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2021 (WITH 2020 COMPARATIVES)**

EXHIBIT C

	2021 Total	2020 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 9,641,869	\$ 9,388,457
Payments to Employees	(1,332,969)	(1,421,396)
Payments to Vendors and Suppliers	(6,873,299)	(6,171,841)
Net Cash Provided by Operating Activities	<u>1,435,601</u>	<u>1,795,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Investments	(6,730)	100,881
(Increase)/Decrease in Accrued Interest Receivable	12,702	(4,150)
Interest Income	12,577	29,050
Net Cash (Used In) Provided by Investing Activities	<u>18,549</u>	<u>125,781</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grants	1,360,822	1,009,553
(Purchase) of Capital Assets	(1,814,743)	(2,228,379)
Net Cash (Used In) Provided by Capital and Related Activities	<u>(453,921)</u>	<u>(1,218,826)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,000,229</u>	<u>702,175</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	<u>3,865,539</u>	<u>3,163,364</u>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u>\$ 4,865,768</u>	<u>\$ 3,865,539</u>
Reconciliation to Statement of Net Assets		
Unrestricted Cash and Cash Equivalents	\$ 4,096,704	\$ 3,685,649
Restricted Cash and Cash Equivalents - Current	769,064	179,890
Cash and Cash Equivalents at end of Fiscal Year	<u>\$ 4,865,768</u>	<u>\$ 3,865,539</u>
Reconciliation of Operating Loss to Net Cash (Used) / Provided by Operating Activities		
Net operating Income/(Loss)	\$ 182,036	\$ 1,456,787
Adjustments To Reconcile		
Add Back Depreciation	878,894	850,578
Prior Period Adjustment	-	(2,122)
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(291,587)	(576,641)
(Increase)/Decrease in Prepaid Expenses and Deposits	(2,148)	(1,273)
(Increase)/Decrease in Material Inventory	(2,017)	(10,853)
Increase/(Decrease) in Accounts Payable	(31,156)	12,441
Increase/(Decrease) in Accrued Liabilities	119,626	66,496
Increase/(Decrease) in Deferred Revenue	579,328	
Increase/(Decrease) in FSS Escrow Deposits	2,625	(193)
Net Cash Provided by Operating Activities	<u>\$ 1,435,601</u>	<u>\$ 1,795,220</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES		
Interest Paid During the Year	\$ -	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

Note 1 - Summary Of Significant Accounting Policies

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

A. Organization and Program Description

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

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

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

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

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

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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

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

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

Blended Component Units

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

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

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

C. Fund Accounting

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

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively called low rent housing.
- Section 8 Program consists of HUD payment of rents for tenants in privately owned housing and fees to the housing authority for operating the program. An individual fund is use for the Housing Choice Voucher Program.
- Component unit funds consist of the financing activities of the construction of mixed income housing units and the issuance of bonds to develop affordable housing.

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

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

Custodial Credit Risk

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

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

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

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

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

Capital Assets - Capital Assets consist of assets purchased or acquired at a cost of \$500 or greater. All capital assets are stated at historical costs or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets depreciated using straight-line method of depreciation over their estimated useful lives as follows:

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

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

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

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

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

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

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

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

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

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

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

Fair Value - The Authority follows GASB Statement No. 72, Fair Value Measurement. This Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures are organized by type asset or liability reported at fair value. The implementation has had no material impact on the financial statements of the Authority.

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

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

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021

Note 2 - Budget Information

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

Operating budgets for the year are prepared for all program activities. Budgets are submitted by the Authority's Executive Director and approved by resolutions of the Board of Commissioners and/or HUD. Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through periodic budgeting and reporting requirements.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$4,865,768 at March 31, 2021, and are maintained in commercial checking accounts and are readily available. Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. The Authority is in compliance with all state and local laws and regulations regarding cash equivalents. Of the total cash on hand the breakdown between unrestricted and restricted is shown below:

Unrestricted Cash	\$ 4,096,704
Restricted Cash:	
Tenant Security Deposits	89,638
Housing Assistance Payments	23,089
CARES ACT	562,045
FSS Escrow	<u>94,292</u>
Total Restricted Cash	<u>769,064</u>
Total Cash	<u>\$ 4,865,768</u>

Note 4 - Accounts Receivable

At March 31, 2021, accounts receivable totaled \$949,587 and consisted of the following:

Accounts Receivable - Tenants	\$ 79,909
Accounts Receivable - Allowance Tenants	(20,496)
Accounts Receivable - Fraud	92,353
Accounts Receivable - Fraud Allowance	(46,176)
Accounts Receivable - HUD	791,362
Accounts Receivable - Others	<u>52,635</u>
Total	<u>\$ 949,587</u>

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

The Authority reviews the accounts receivable periodically. In fiscal year 2021, the Authority had collection losses totaling \$19,539.

Accounts receivable inter-fund was offset and eliminated by accounts payable interfund totaling \$0.

Note 5 - Accrued Interest Receivable

At March 31, 2021, accrued interest receivable totaled \$0, which consisted of the accumulated accrued interest of the Authority’s certificates of deposit.

Note 6 - Investments

At March 31, 2021, investments totaled \$806,730, which consisted of certificates of deposit and interest at various financial institutions. The Authority’s investments are stated at fair value at year-end.

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

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

The following table presents assets measured and recorded at fair value on Authority’s Statement of Financial Position as of March 31, 2021.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of Deposit	\$ 806,730	\$ _____	\$ _____	\$ 806,730
Total Assets at Fair Value	\$ <u>806,730</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>806,730</u>

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

Investment return at March 31, 2021 and its classification in the statement of activities are shown below:

Interest and Dividends	\$ 12,577
Total Investment Return	<u>\$ 12,577</u>

Note 7 - Prepaid Expenses

Prepaid expenses totaled \$84,173 at March 31, 2021, and consisted of primarily prepaid insurances and other assets.

Note 8 - Material Inventories

Material inventories, net at March 31, 2021 totaled \$69,784, and consist of items used to maintain upkeep of units. Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories is recorded as expenditures when consumed. Total inventory totaled \$70,847, with an allowance of \$1,063.

Note 9 - Capital Assets

The changes in land, structures and equipment for the year ended March 31, 2021, were as follows:

	March 31, 2020	Additions and Transfers in	March 31, 2021
Land	\$ 1,023,922	\$	\$ 1,023,922
Building & Improvements	36,226,306	1,716,285	37,942,591
Furniture and Equipment	1,669,602	102,608	1,772,210
Construction in Progress	-		-
(Less) Accumulated Depr.	(28,215,812)	(878,894)	(29,094,706)
Total Capital Assets	<u>\$ 10,704,018</u>	<u>\$ 939,999</u>	<u>\$ 11,644,017</u>

For 2021 depreciation expense was \$878,894 and there was no construction in progress. Capital additions were \$1,818,893, and there were no disposals.

Note 10 - Accounts Payable

Accounts payable totaled \$140,921 at March 31, 2021, which consisted of the following:

Accounts Payable - Vendors	\$ 51,283
Tenant Security Deposits	89,638
Total	<u>\$ 140,921</u>

Total accounts payable inter-fund was offset and eliminated by accounts receivable interfund totaling \$0.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

Note 11 - Accrued Liabilities

Accrued liabilities totaled \$321,221, at March 31, 2021, of which, \$249,294 is current and \$71,927 is non-current, and the breakdown is as follows:

Accrued Wages	\$	54,068
Compensated Abs. - Current		58,319
Other Accrued Payables		136,907
Total Current Accrued Liabilities		<u>249,294</u>
Compensated Abs. - Non-Current		71,927
Total Accrued Liabilities	\$	<u>321,221</u>

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

Note 12 - Deferred Revenue

At March 31, 2021 the deferred revenue of \$579,328 from the federal CARES ACT.

Note 13 - Family Self Sufficiency Escrow

At March 31, 2019 the Authority had Family and Self Sufficiency (FSS) escrow of \$94,292 of amounts due to tenants.

Note 14 - Employee Benefit Plans

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with MassMutual Financial Group (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. For the fiscal year end March 31, 2021, actual contributions by the Authority were \$17,884 based on \$1,332,969 of wages and salary expense. The Authority made all the required contributions to the Plan.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

The total plan assets at March 31, 2021, were \$260,955, as follows:

<u>Description</u>	<u>Amount</u>
Beginning Balance	\$ 188,877
Contributions	17,884
Withdrawals	(1,183)
Fees and Charges	(1,472)
Changes in Value	56,849
Ending Balance	<u>\$ 260,955</u>

Note 15 - Operating Lease Commitments

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

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

Note 16 - Administrative Fees

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

Note 17 - Allocation of Cost

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

Note 18 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to March 31, 2021, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended March 31, 2021. Management has performed their analysis through December 17, 2021, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
MARCH 31, 2021

	COCC & Low Rent	Housing Choice Vouchers	Blended Component Unit	Eliminations	2021 TOTAL
ASSETS					
Cash and Cash Equivalents (Unrestricted)	\$ 3,572,325	\$ 403,975	\$ 120,404	\$ -	\$ 4,096,704
Cash and Cash Equivalents (Restricted)	162,425	601,789	4,850	-	769,064
Accounts Receivable (net allowances)	894,058	51,699	3,830	-	949,587
Accrued Interest Receivable	-	-	-	-	-
Investments	806,730	-	-	-	806,730
Prepaid, Deposits and Escrows	74,673	4,284	5,216	-	84,173
Inventory (net allowances)	69,784	-	-	-	69,784
TOTAL CURRENT ASSETS	5,579,995	1,061,747	134,300	-	6,776,042
Capital Assets, Net	11,080,295	50,967	512,755	-	11,644,017
TOTAL NON-CURRENT ASSETS	11,080,295	50,967	512,755	-	11,644,017
TOTAL ASSETS	\$ 16,660,290	\$ 1,112,714	\$ 647,055	\$ -	\$ 18,420,059
LIABILITIES AND NET POSITION					
Accounts Payable	\$ 131,616	\$ 4,205	\$ 5,100	\$ -	\$ 140,921
Accrued Liabilities - Current	227,773	21,521	-	-	249,294
Deferred Revenue	65,573	513,722	33	-	579,328
TOTAL CURRENT LIABILITIES	424,962	539,448	5,133	-	969,543
Accrued Liabilities - Non-Current	65,536	6,391	-	-	71,927
FSS Escrow Deposits	12,775	81,517	-	-	94,292
TOTAL NON-CURRENT LIABILITIES	78,311	87,908	-	-	166,219
TOTAL LIABILITIES	503,273	627,356	5,133	-	1,135,762
Invested in Capital Assets	11,080,295	50,967	512,755	-	11,644,017
Unrestricted Net Position	5,076,722	411,302	129,167	-	5,617,191
Restricted Net Position	-	23,089	-	-	23,089
TOTAL NET POSITION	16,157,017	485,358	641,922	-	17,284,297
TOTAL LIABILITIES AND NET POSITION	\$ 16,660,290	\$ 1,112,714	\$ 647,055	\$ -	\$ 18,420,059

THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2021

	COCC & Low Rent	Housing Choice Vouchers	Blended Component Unit	Eliminations	2021 TOTAL
OPERATING REVENUES					
Net Tenant Rental Revenue	\$ 1,337,074	\$	\$ 2,386	\$	\$ 1,339,460
HUD Operating Grants	2,473,138	5,324,818			7,797,956
Other Income	1,799,088	138,763	57,508	(1,490,906)	504,453
TOTAL OPERATING REVENUES	5,609,300	5,463,581	59,894	(1,490,906)	9,641,869
OPERATING EXPENSES					
Administrative Expenses	1,949,205	405,520	12,978	(802,336)	1,565,367
Tenant Services	16,417				16,417
Utilities Expense	371,133				371,133
Ordinary Maintenance and Materials	1,918,670	894	5,654	(688,570)	1,236,648
Protective Services	94,667				94,667
Insurance Expense	236,018	10,608	4,815		251,441
General Expenses	171,835	26,456	8		198,299
Housing Assistance Payments		4,846,967			4,846,967
Depreciation Expense	863,942	4,353	10,599		878,894
TOTAL OPERATING EXPENSES	5,621,887	5,294,798	34,054	(1,490,906)	9,459,833
OPERATING INCOME (LOSS)	(12,587)	168,783	25,840	-	182,036
NON-OPERATING REVENUES (EXPENSES)					
Interest	12,426	151			12,577
INCOME BEFORE OTHER REVENUES (EXPENSES)	12,426	151	-	-	12,577
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	1,360,822				1,360,822
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	1,360,822	-	-	-	1,360,822
CHANGE IN NET POSITION	1,360,661	168,934	25,840	-	1,555,435
NET POSITION AT BEGINNING OF PERIOD	14,796,356	316,424	616,082		15,728,862
NET POSITION AT END OF PERIOD	\$ 16,157,017	\$ 485,358	\$ 641,922	\$ -	\$ 17,284,297

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2021

FEDERAL GRANTOR	PROGRAM OR AWARD CFDA #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Low Rent Public Housing Program			
Public and Indian Housing Program	14.850	\$ 1,843,406	\$ 1,965,480
Public Housing Capital Fund Program	14.872	<u>1,766,278</u>	<u>1,766,278</u>
Total Low Rent Housing Programs		3,609,684	3,731,758
Total Major Programs		<u>3,609,684</u>	<u>3,731,758</u>
Non-Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Housing Choice Voucher Cluster			
Housing Choice Vouchers	14.871	5,108,537	5,108,537
Public Housing CARES ACT	14.PHC	224,276	224,276
HCV CARES ACT	14.HCC	<u>197,343</u>	<u>197,343</u>
Total Non-Major Programs		5,530,156	5,305,880
Total All Programs		<u>\$ 9,139,840</u>	<u>\$ 9,037,638</u>

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2021**

Note 1 - Basis of Presentation

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

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended March 31, 2021. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2021, and should be read in conjunction with the Authority's consolidated financial statements.

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

Note 2 - Sources of Funding

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

Note 3 - Sub-recipients

There were no sub-recipients for the year ended March 31, 2021.

Note 4 - Loans Outstanding

There were no federal loans outstanding for the year ended March 31, 2021.

Note 5 - Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended March 31, 2021.

Note 6 - Insurance

The Authority had no federal insurance for the year ended March 31, 2021.

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$3,023,594		\$120,404	\$403,975		\$548,731	\$4,096,704		\$4,096,704
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	\$12,775	\$64,862		\$104,606	\$497,183		\$679,426		\$679,426
114 Cash - Tenant Security Deposits	\$84,788		\$4,850				\$89,638		\$89,638
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$3,121,157	\$64,862	\$125,254	\$508,581	\$497,183	\$548,731	\$4,865,768	\$0	\$4,865,768
121 Accounts Receivable - PHA Projects				\$4,712			\$4,712		\$4,712
122 Accounts Receivable - HUD Other Projects	\$791,362			\$0			\$791,362		\$791,362
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous			\$3,830	\$810			\$4,640		\$4,640
126 Accounts Receivable - Tenants	\$79,909						\$79,909		\$79,909
126.1 Allowance for Doubtful Accounts -Tenants	-\$20,498						-\$20,498		-\$20,498
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$43,285						\$43,285		\$43,285
128 Fraud Recovery				\$92,353			\$92,353		\$92,353
128.1 Allowance for Doubtful Accounts - Fraud				-\$46,176			-\$46,176		-\$46,176
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$894,058	\$0	\$3,830	\$51,699	\$0	\$0	\$949,587	\$0	\$949,587
131 Investments - Unrestricted	\$300,528					\$506,202	\$806,730		\$806,730
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$49,546		\$5,216	\$4,284		\$25,127	\$84,173		\$84,173
143 Inventories	\$15,505					\$55,342	\$70,847		\$70,847
143.1 Allowance for Obsolete Inventories	-\$233					-\$830	-\$1,063		-\$1,063
144 Inter Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	\$4,380,561	\$64,862	\$134,300	\$564,564	\$497,183	\$1,134,572	\$6,776,042	\$0	\$6,776,042
161 Land	\$783,644		\$140,278			\$100,000	\$1,023,922		\$1,023,922
162 Buildings	\$34,677,946		\$480,697	\$41,596		\$2,742,352	\$37,942,591		\$37,942,591
163 Furniture, Equipment & Machinery - Dwellings	\$62,903						\$62,903		\$62,903
164 Furniture, Equipment & Machinery - Administration	\$548,949			\$85,017		\$1,075,341	\$1,709,307		\$1,709,307
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$25,889,198		-\$108,220	-\$75,646		-\$3,021,642	-\$29,094,706		-\$29,094,706
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,184,244	\$0	\$512,755	\$50,967	\$0	\$896,051	\$11,644,017	\$0	\$11,644,017
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$10,184,244	\$0	\$512,755	\$50,967	\$0	\$896,051	\$11,644,017	\$0	\$11,644,017
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$14,564,805	\$64,862	\$647,055	\$615,531	\$497,183	\$2,030,623	\$18,420,059	\$0	\$18,420,059
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$26,732		\$250	\$4,205		\$20,096	\$51,283		\$51,283
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$11,659			\$6,745		\$35,664	\$54,068		\$54,068
322 Accrued Compensated Absences - Current Portion	\$10,821			\$14,776		\$32,722	\$58,319		\$58,319
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$84,788		\$4,850				\$89,638		\$89,638
342 Unearned Revenue	\$711	\$64,862	\$33	\$16,539	\$497,183		\$579,328		\$579,328
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other	\$136,265					\$642	\$136,907		\$136,907
347 Inter Program - Due To									
348 Loan Liability - Current									
310 Total Current Liabilities	\$270,976	\$64,862	\$5,133	\$42,265	\$497,183	\$89,124	\$969,543	\$0	\$969,543
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	\$12,775			\$81,517			\$94,292		\$94,292
354 Accrued Compensated Absences - Non Current	\$9,065			\$6,391		\$56,471	\$71,927		\$71,927
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$21,840	\$0	\$0	\$87,908	\$0	\$56,471	\$166,219	\$0	\$166,219
300 Total Liabilities	\$292,816	\$64,862	\$5,133	\$130,173	\$497,183	\$145,595	\$1,135,762	\$0	\$1,135,762
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$10,184,244		\$512,755	\$50,967		\$896,051	\$11,644,017		\$11,644,017
511.4 Restricted Net Position				\$23,089			\$23,089		\$23,089
512.4 Unrestricted Net Position	\$4,087,745	\$0	\$129,167	\$411,302	\$0	\$988,977	\$5,617,191	\$0	\$5,617,191
513 Total Equity - Net Assets / Position	\$14,271,989	\$0	\$641,922	\$485,358	\$0	\$1,885,028	\$17,284,297	\$0	\$17,284,297
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$14,564,805	\$64,862	\$647,055	\$615,531	\$497,183	\$2,030,623	\$18,420,059	\$0	\$18,420,059

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,262,064		\$2,078				\$1,264,142		\$1,264,142
70400 Tenant Revenue - Other	\$75,010		\$308				\$75,318		\$75,318
70500 Total Tenant Revenue	\$1,337,074	\$0	\$2,386	\$0	\$0	\$0	\$1,339,460	\$0	\$1,339,460
70600 HUD PHA Operating Grants	\$2,248,862	\$224,276		\$5,127,475	\$197,343		\$7,797,956		\$7,797,956
70610 Capital Grants	\$1,360,822						\$1,360,822		\$1,360,822
70710 Management Fee						\$642,131	\$642,131	-\$642,131	\$0
70720 Asset Management Fee						\$80,640	\$80,640	-\$80,640	\$0
70730 Book Keeping Fee						\$79,565	\$79,565	-\$79,565	\$0
70740 Front Line Service Fee						\$688,570	\$688,570	-\$688,570	\$0
70750 Other Fees									
70700 Total Fee Revenue						\$1,490,906	\$1,490,906	-\$1,490,906	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$2,043			\$151		\$10,383	\$12,577		\$12,577
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery				\$60,554			\$60,554		\$60,554
71500 Other Revenue	\$293,200		\$57,508	\$78,209		\$14,982	\$443,899		\$443,899
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$5,242,001	\$224,276	\$59,894	\$5,266,389	\$197,343	\$1,516,271	\$12,506,174	-\$1,490,906	\$11,015,268
91100 Administrative Salaries	\$211,714	\$30,957		\$95,731	\$88,902	\$481,987	\$909,291		\$909,291
91200 Auditing Fees	\$3,800			\$4,108		\$2,362	\$10,270		\$10,270
91300 Management Fee	\$592,259			\$49,872			\$642,131	-\$642,131	\$0
91310 Book-keeping Fee	\$58,785			\$20,780			\$79,565	-\$79,565	\$0
91400 Advertising and Marketing	\$415			\$474		\$597	\$1,486		\$1,486
91500 Employee Benefit contributions - Administrative	\$90,329	\$2,264		\$86,238	\$6,548	\$189,469	\$374,848		\$374,848
91600 Office Expenses	\$22,587	\$969	\$19	\$9,168	\$1,634	\$33,964	\$68,341		\$68,341
91700 Legal Expense	\$3,022					\$1,634	\$4,656		\$4,656
91800 Travel						\$318	\$318		\$318
91810 Allocated Overhead									
91900 Other	\$13,349	\$9,913	\$12,959	\$21,861	\$20,204	\$117,871	\$196,157		\$196,157
91000 Total Operating - Administrative	\$996,260	\$44,103	\$12,978	\$288,232	\$117,288	\$828,202	\$2,287,063	-\$721,696	\$1,565,367
92000 Asset Management Fee	\$80,640						\$80,640	-\$80,640	\$0
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$1,905					\$14,512	\$16,417		\$16,417
92500 Total Tenant Services	\$1,905	\$0	\$0	\$0	\$0	\$14,512	\$16,417	\$0	\$16,417
93100 Water	\$30,269					\$1,303	\$31,572		\$31,572
93200 Electricity	\$144,007					\$17,331	\$161,338		\$161,338

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
93300 Gas	\$106,855					\$6,007	\$112,862		\$112,862
93400 Fuel									
93500 Labor									
93600 Sewer	\$63,958					\$1,403	\$65,361		\$65,361
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$345,089	\$0	\$0	\$0	\$0	\$26,044	\$371,133	\$0	\$371,133
94100 Ordinary Maintenance and Operations - Labor	\$36,408	\$5,598				\$381,672	\$423,678		\$423,678
94200 Ordinary Maintenance and Operations - Materials and Other	\$48,613	\$9,834	\$297	\$311	\$583	\$80,478	\$140,116		\$140,116
94300 Ordinary Maintenance and Operations Contracts	\$1,094,186	\$85,638	\$5,357			\$20,241	\$1,205,422	-\$688,570	\$516,852
94500 Employee Benefit Contributions - Ordinary Maintenance	\$12,674	\$405				\$142,923	\$156,002		\$156,002
94000 Total Maintenance	\$1,191,881	\$101,475	\$5,654	\$311	\$583	\$625,314	\$1,925,218	-\$688,570	\$1,236,648
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs	\$59,187	\$34,465				\$1,015	\$94,667		\$94,667
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$59,187	\$34,465	\$0	\$0	\$0	\$1,015	\$94,667	\$0	\$94,667
96110 Property Insurance	\$137,643		\$2,724			\$8,540	\$148,907		\$148,907
96120 Liability Insurance	\$32,196		\$998	\$4,127		\$8,921	\$46,242		\$46,242
96130 Workmen's Compensation	\$7,575			\$5,317		\$13,303	\$26,195		\$26,195
96140 All Other Insurance	\$6,892		\$1,093	\$1,164		\$20,948	\$30,097		\$30,097
96100 Total Insurance Premiums	\$184,306	\$0	\$4,815	\$10,608	\$0	\$51,712	\$251,441	\$0	\$251,441
96200 Other General Expenses	\$15,944	\$2,155	\$8	\$3,675			\$21,782		\$21,782
96210 Compensated Absences	\$25,894			\$22,781		\$88,777	\$137,452		\$137,452
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents	\$19,539						\$19,539		\$19,539
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$61,377	\$2,155	\$8	\$26,456	\$0	\$88,777	\$178,773	\$0	\$178,773
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,920,645	\$182,198	\$23,455	\$325,607	\$117,871	\$1,635,576	\$5,205,352	-\$1,490,906	\$3,714,446
97000 Excess of Operating Revenue over Operating Expenses	\$2,321,356	\$42,078	\$36,439	\$4,940,782	\$79,472	-\$119,305	\$7,300,822	\$0	\$7,300,822
97100 Extraordinary Maintenance		\$7,000					\$7,000		\$7,000
97200 Casualty Losses - Non-capitalized	\$11,570					\$956	\$12,526		\$12,526
97300 Housing Assistance Payments				\$4,712,486	\$68,390		\$4,780,876		\$4,780,876
97350 HAP Portability-In				\$66,091			\$66,091		\$66,091
97400 Depreciation Expense	\$799,543		\$10,599	\$4,353		\$64,399	\$878,894		\$878,894
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$3,731,758	\$189,198	\$34,054	\$5,108,537	\$186,261	\$1,700,931	\$10,950,739	-\$1,490,906	\$9,459,833
10010 Operating Transfer In	\$315,456						\$315,456	-\$315,456	\$0
10020 Operating transfer Out	-\$315,456						-\$315,456	\$315,456	\$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,510,243	\$35,078	\$25,840	\$157,852	\$11,082	-\$184,660	\$1,555,435	\$0	\$1,555,435
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$12,726,668	\$0	\$616,082	\$316,424	\$0	\$2,069,688	\$15,728,862		\$15,728,862
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$35,078	-\$35,078		\$11,082	-\$11,082		\$0		\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity				\$462,269			\$462,269		\$462,269
11180 Housing Assistance Payments Equity				\$23,089			\$23,089		\$23,089
11190 Unit Months Available	7992		72	8724		0	16788		16788
11210 Number of Unit Months Leased	7638		72	8312		0	16222		16222
11270 Excess Cash	\$3,796,108						\$3,796,108		\$3,796,108
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$1,695,354					\$20,935	\$1,716,289		\$1,716,289
11630 Furniture & Equipment - Dwelling Purchases	\$9,975					\$0	\$9,975		\$9,975
11640 Furniture & Equipment - Administrative Purchases	\$27,343					\$36,033	\$63,376		\$63,376
11650 Leasehold Improvements Purchases	\$0					\$0	\$0		\$0
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0	\$0		\$0

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF CAPITAL FUNDS COST - UNCOMPLETED
FOR THE YEAR ENDED MARCH 31, 2021**

EXHIBIT F

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

	501-16	501-17	501-18E	501-18	501-19	Total
Funds Approved	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 1,456,287	\$ 4,841,045
Funds Expended	869,951	896,531	226,000	1,392,276	1,456,287	4,841,045
Excess\ (Deficit) of Funds Approved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Funds Advanced	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 664,925	\$ 4,049,683
Funds Expended	869,951	896,531	226,000	1,392,276	1,456,287	4,841,045
Excess\ (Deficit) of Funds Advanced	\$ -	\$ -	\$ -	\$ -	\$ (791,362)	\$ (791,362)

- 1 Capital Fund Program costs for Phases IN36P010 - 501-16, 17, 18, 18E and 19 are shown above.
- 2 Cost additions during the audit period were as follows: IN36P010501 - 16 - \$35,000, 17 - \$280,989, 18 - \$379,495, 18E - \$12,040, 19 - \$784,099, and, accordingly, were audited by Velma Butler & Company, Ltd.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF CAPITAL FUNDS COST - COMPLETED
FOR THE YEAR ENDED MARCH 31, 2021**

EXHIBIT G

No Capital Fund Programs were completed in the fiscal year.

SINGLE AUDIT REPORTS

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the primary government business type activities and the blended component units of the Housing Authority of the City of Elkhart, Indiana (Authority), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued a Modified thereon dated December 17, 2021.

Internal Control Over Financial Reporting

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

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

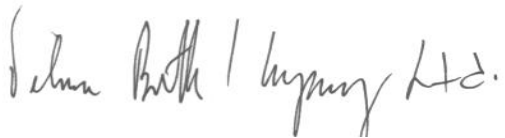
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

Velma Butler & Company, Ltd.
Chicago, Illinois

December 17, 2021

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

Independent Auditor's Report

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

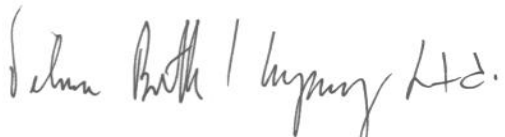
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the Authority as of and for the year ended March 31, 2021, and have issued our report thereon dated December 17, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd." The signature is written in dark ink and is positioned above the printed name of the firm.

Velma Butler & Company, Ltd.
Chicago, Illinois

December 17, 2021

Independent Auditor's Report on Applying Agreed-Upon Procedures

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

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

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

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

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended March 31, 2021, and have issued our report thereon dated December 17, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated December 17, 2021, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

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

Velma Butler & Company, Ltd.
Chicago, Illinois

December 17, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COST

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED MARCH 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted?
 Yes None reported

Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? Yes No

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

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

Yes No

Identification of major program:

U.S. Department of Housing and Urban Development

CFDA Number

Name of Federal Program

14.850

Public and Indian Housing Program

14.872

Public Housing Capital Fund Program

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

Auditee qualified as low-risk auditee? Yes No

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED MARCH 31, 2021

Section II - Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2021.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2021.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED MARCH 31, 2021**

Section IV - Financial Statement Findings

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

Section V - Federal Award Findings and Questioned Costs

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

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2021**

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

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED MARCH 31, 2021**

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