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February 18, 2022

Board of Commissioners
Michigan City Housing Authority
621 E. Michigan Blvd.
Michigan City, IN 46360

We have reviewed the audit report of the Michigan City Housing Authority, which was opined upon by Goldie Roberts, CPA, Independent Public Accountant, for the period October 1, 2019 to September 30, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Michigan City Housing Authority, as of September 30, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention the findings in the report on pages 35-38. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears at the end of the report.

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 MICHIGAN CITY

Michigan City, Indiana

September 30, 2020

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

HOUSING AUTHORITY OF THE
CITY OF MICHIGAN CITY

Michigan City, Indiana
September 30, 2020

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Michigan City
621 E Michigan Blvd.
Michigan City, Indiana 46360

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Michigan City ("the Authority") which comprise the Statement of Net Position as of September 30, 2020, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Michigan City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Michigan City as of September 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, 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. Such 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 my opinion, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2021 on my consideration of the Housing Authority of the City of Michigan City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Housing Authority of the City of Michigan City's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 28, 2021

Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis
September 30, 2020

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Financial Highlights

The most significant changes on the 2020 financial statements were in capital assets, long-term debt, federal grants and expenses.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods like those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities like those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance for the year-ended September 30, 2020.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain property (meets HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered costs through its rental fees and other charges. It can also be used to measure profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It also provides answers to such questions as the source, expenditures, and change in cash during the reporting period.

Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis

September 30, 2020

Overview of the Financial Statements (Continued)

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

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format.

Financial Analysis

One of the most important questions concerning finances is the following: "Is the Housing Authority as a whole better or worse because of the achievements of the reported fiscal year?" The purpose of the information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on September 30, 2020. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize revenues, sources of those revenues generated, and expenses incurred in operating the Housing Authority for the year-ended September 30, 2020.

The Housing Authority of the City of Michigan City has a low-rent program that provides housing for qualified tenants and a capital fund program for improvements to its low-rent property, a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing, a discretely presented component unit, a business activities, a PHC Public Housing CARES Act Funding program and a HCV CARES Act Funding program. The following analysis focuses on the net position and the change in net position not the individual programs.

Net Position

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 2,272,197	\$ 1,824,918	\$ 447,279	24.51%
Capital Assets, Net	<u>4,673,612</u>	<u>3,543,987</u>	<u>1,129,625</u>	<u>31.87%</u>
Total Assets	<u>\$ 6,945,809</u>	<u>\$ 5,368,905</u>	<u>\$ 1,576,904</u>	<u>29.37%</u>

Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis

September 30, 2020

Net Position (Continued)

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% of Change</u>
Current Liabilities	805,845	208,540	597,305	286.42%
Noncurrent Liabilities	<u>1,047,935</u>	<u>75,223</u>	<u>972,712</u>	<u>1293.10%</u>
Total Liabilities	\$ <u>1,853,780</u>	\$ <u>283,763</u>	\$ <u>1,570,017</u>	<u>553.28%</u>
Net Position:				
Investment in Capital Assets	3,451,659	3,543,987	(92,328)	-2.61%
Restricted Net Position	20,289	112,047	(91,758)	-81.89%
Unrestricted Net Position	<u>1,620,081</u>	<u>1,429,108</u>	<u>190,973</u>	<u>13.36%</u>
Total Net Position	\$ <u>5,092,029</u>	\$ <u>5,085,142</u>	\$ <u>6,887</u>	<u>0.14%</u>

Capital Assets

(Net of Accumulated Depreciation)

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% of Change</u>
Land	\$ 463,526	\$ 463,526	\$ 0	0.00%
Buildings	18,853,025	17,621,102	1,231,923	6.99%
Furniture & Equipment - Dwell	207,152	196,486	10,666	5.43%
Furniture & Equipment - Admin	499,570	495,334	4,236	0.86%
Leasehold Improvements	963,662	973,073	(9,411)	-0.97%
Construction in progress	<u>283,633</u>	<u>198,474</u>	<u>85,159</u>	<u>42.91%</u>
Subtotal	21,270,568	19,947,995	1,322,573	6.63%
Accumulated Depreciation	<u>(16,596,956)</u>	<u>(16,404,008)</u>	<u>(192,948)</u>	<u>1.18%</u>
Net Capital Assets	\$ <u>4,673,612</u>	\$ <u>3,543,987</u>	\$ <u>1,129,625</u>	<u>31.87%</u>

Net Position

Total assets consist of current and capital assets. Current assets are resources that are reasonably expected, based on plans and intentions, to be converted into cash or its equivalent during the current operating cycle. Capital assets are long-term tangible assets obtained because of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Total liabilities consist of current and noncurrent payables. Current liabilities are current debts that are owed and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt. Noncurrent liabilities are debts that are owed but not

Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis
September 30, 2020

due within 12 months. It is not expected that these liabilities will consume current financial resources to satisfy the debt.

Current assets increased due to tenant accounts receivable in 2020 compared to 2019. Capital assets significantly increased due to the dwelling structures renovations/improvements. An EPC loan was used to help fund the capital asset additions which resulted in an increase in noncurrent liabilities and its related current loan portion.

Total Net Position

As of September 30, 2020, the Housing Authority had \$5,092,029 invested in total net position. Of this amount, \$1,620,081 of unrestricted net position may be used to meet the Authority's future ongoing expenses and obligations. Restricted net position of \$20,289 was available for turnkey reserves. The remainder of \$3,451,659 represents the investment in capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress.

Debt

The Authority has total debt which consists of \$1,221,953 in notes payable for EPC loan. Current portion of notes payable is \$287,681 and the noncurrent portion is \$934,272 as of September 30, 2020.

Expendable Fund Balance

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% of Change</u>
Expendable Fund Balance	\$ <u>1,257,562</u>	\$ <u>1,554,063</u>	\$ <u>(296,501)</u>	<u>-19.08%</u>
Number of Months Expendable Fund	<u>11.21</u>	<u>12.11</u>	<u>(0.91)</u>	<u>-7.48%</u>

Expendable Fund Balance

If current assets, less materials inventory, were converted to cash and all current liabilities were paid, the Authority's cash balance (expendable fund balance) would be \$1,257,562 which decreased by \$296,501.

Number of Months Expendable Fund Balance

The expendable fund balance is divided by average monthly expense (total expenses for the year, less depreciation, divided by twelve (12) to determine the number of months expendable fund balance. This factor indicates the number of months the entity could operate without relying on additional funding. As of the fiscal year-end, the Authority could continue operations for 11.21 months.

Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis
September 30, 2020

Changes in Net Position

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tenant Revenue	\$ 778,932	\$ 795,852	\$ (16,920)	-2.13%
Federal Grants & Subsidy	2,528,012	2,746,157	(218,145)	-7.94%
Investment	3,410	10,810	(7,400)	-68.46%
Other Income	80,437	10,069	70,368	698.86%
Gain/Loss on the Sale of Assets	500	0	500	100.00%
Total Revenue	<u>3,391,291</u>	<u>3,562,888</u>	<u>(171,597)</u>	<u>-4.82%</u>
Expenses:				
Administrative	431,081	520,111	(89,030)	-17.12%
Utilities	303,050	386,243	(83,193)	-21.54%
Routine Maintenance	370,534	413,031	(42,497)	-10.29%
Protective Services	14,418	19,476	(5,058)	-25.97%
General	158,599	191,694	(33,095)	-17.26%
Interest	23,972	0	23,972	100.00%
Non-Routine	10,081	8,709	1,372	15.75%
Casualty Loss	34,627	119	34,508	28998.32%
Housing Assistance Payments	1,845,094	1,773,578	71,516	4.03%
Depreciation	192,948	165,382	27,566	16.67%
Total Operating Expenses	<u>3,384,404</u>	<u>3,478,343</u>	<u>(93,939)</u>	<u>-2.70%</u>
Increase (Decrease) in Net Position	<u>\$ 6,887</u>	<u>\$ 84,545</u>	<u>\$ (77,658)</u>	<u>-91.85%</u>

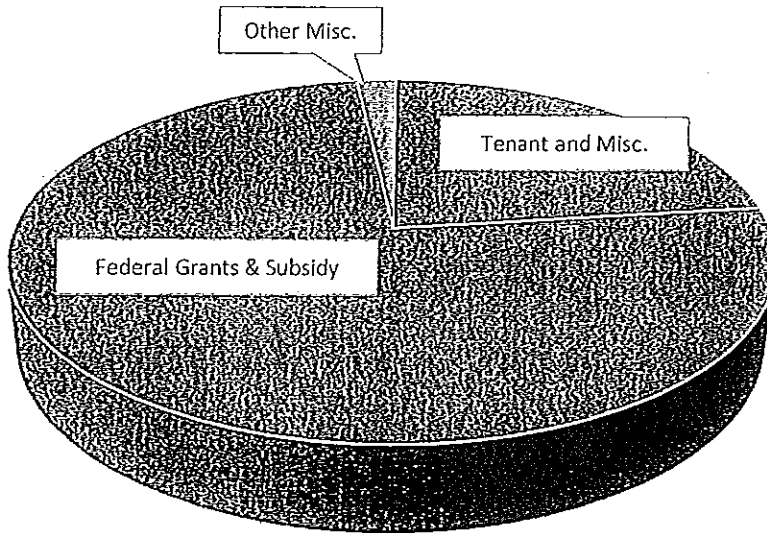
Changes in Net Position

Total revenues decreased mainly due to less HAP disbursements received and less capital fund grants used in 2020 compared to 2019. Total operating expenses overall decreased due to salaries, benefits, and utility consumption which were offset by the increase in housing assistance payments, casualty loss and interest expense. The net effect was a decrease in changes in net position.

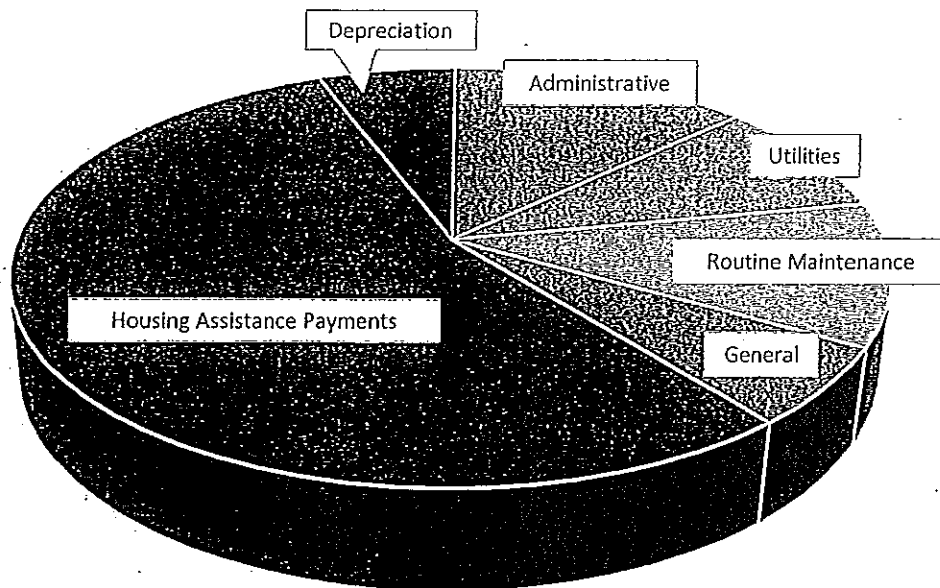
Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis
September 30, 2020

2020 Total Revenue



2020 Total Operating Expenses



Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

Housing Authority of the City of Michigan City
Michigan City, Indiana

Management's Discussion and Analysis
September 30, 2020

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements contact Sharon Hutton, Executive Director, 621 East Michigan Boulevard, Michigan City, IN 46360, (219) 872-7287.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,671,943
Restricted cash and cash equivalents	219,286
Accounts receivable, net	357,479
Prepaid expenses	7,676
Inventory	15,813
Total Current Assets	<u>2,272,197</u>

Capital Assets

Land and other nondepreciable assets	747,159
Depreciable capital assets, net	3,926,453
Total Capital Assets	<u>4,673,612</u>

TOTAL ASSETS

6,945,809

LIABILITIES

Current liabilities

Accounts payable	205,094
Accrued liabilities	65,728
Current portion of long term debt	287,681
Payable from restricted cash and and cash equivalents:	
Tenants security deposits	56,073
Unearned revenue	191,269
Total Current Liabilities	<u>805,845</u>

Noncurrent Liabilities

Long term debt	934,272
Other noncurrent liabilities	113,663
Total Noncurrent Liabilities	<u>1,047,935</u>

Total Liabilities

1,853,780

NET POSITION

Investment in capital assets	3,451,659
Restricted	20,289
Unrestricted	1,620,081
Total Net Position	<u>\$ 5,092,029</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>OPERATING REVENUES</u>	
Rental income	\$ 779,043
Other income	75,356
	854,399
 <u>OPERATING EXPENSES</u>	
Administrative	424,165
Tenant services	0
Utilities	302,543
Ordinary maintenance and operation	435,006
Protective Services	14,899
General expense	145,044
Interest expense	23,972
Housing assistance payments	1,845,094
Depreciation expense	192,948
	3,383,671
 OPERATING INCOME (LOSS)	 (2,529,272)
 <u>NONOPERATING REVENUES</u>	
Federal operating grants	2,462,022
Gain on sale of capital asset	500
Interest income	3,410
	2,465,932
 Net income before capital contributions	 (63,340)
 CAPITAL CONTRIBUTIONS	 70,227
 CHANGE IN NET POSITION	 6,887
 TOTAL NET POSITION - BEGINNING OF YEAR	 5,085,142
 TOTAL NET POSITION - END OF YEAR	 \$ 5,092,029

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 1,011,337
Payments to vendors	(444,473)
Payments to landlords	(1,869,066)
Payments to employees	(528,493)
Net Cash Used by Operating Activities	<u>(1,830,695)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	2,462,022
Net Cash From Noncapital Financing Activities	<u>2,462,022</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received	70,227
Mortgage received	934,272
Acquisition and construction of capital assets	(1,322,573)
Net Cash Flows Provided (Used)	<u>(318,074)</u>
by Capital and Related Financing Activities	<u>(318,074)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Gain or loss on sale of capital assets	500
Interest income	3,410
Net Cash From Investing Activities	<u>3,910</u>

Net Increase (Decrease) in Cash and Cash Equivalents 317,163

Cash - Beginning of year 1,574,066

Cash - End of year \$ 1,891,229

Reconciliation of Cash and Cash Equivalents:

Deposits in bank	\$ 1,671,943
Restricted cash	219,286
Total Cash and Cash Equivalents	<u>\$ <u>1,891,229</u></u>

Continued

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(CONTINUED)

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

Operating income (loss)	\$ (2,529,272)
Adjustments to reconcile net operating income to net cash Provided by operating activities:	
Depreciation	192,948
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(144,500)
Prepaid expenses	14,290
Inventory	94
Increase (Decrease) in:	
Accounts payable	440,348
Accrued liabilities	38,459
Unearned revenue	156,938
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(1,830,695)</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD). The financial statements also include the component unit named Michigan City Housing Development Inc. (MCHDI).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Michigan City. Although it is legally separate from the Housing Authority of the City of Michigan City, the Michigan City Housing Development Inc. (MCHDI) is reported as if it were part of the primary government because its purpose is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income. The criteria for inclusion as a component unit include manifestation of oversight responsibility including financial accountability, appointment of a 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. Accordingly, MCHDI financial information (a component unit) has been blended with the Housing Authority of the City of Michigan City. There are no other component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

At September 30, 2020, the Housing Authority had 573 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	184
Vouchers	371
MCHDI	<u>18</u>
TOTAL	<u>573</u>

The Authority is also operating Capital Fund Grant Programs, Cares Act and Resident Opportunity and Supportive Services (ROSS) Grants.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

	<u>Housing</u>	<u>Component</u>	
	<u>Authority</u>	<u>Units</u>	<u>Total</u>
<u>Condensed Statement of Net Position</u>			
Current assets	\$ 1,653,852	\$ 618,345	\$ 2,272,197
Capital Assets	<u>3,991,109</u>	<u>682,503</u>	<u>4,673,612</u>
Total assets	\$ <u>5,644,961</u>	\$ <u>1,300,848</u>	\$ <u>6,945,809</u>
Current liabilities	\$ 686,668	\$ 119,177	\$ 805,845
Non-current liabilities	<u>1,042,761</u>	<u>5,174</u>	<u>1,047,935</u>
Total liabilities	\$ <u>1,729,429</u>	\$ <u>124,351</u>	\$ <u>1,853,780</u>
Net investment in capital assets	\$ 2,769,156	\$ 682,503	\$ 3,451,659
Restricted	20,289	0	20,289
Unrestricted	<u>1,126,087</u>	<u>493,994</u>	<u>1,620,081</u>
Total Net Position	\$ <u>3,915,532</u>	\$ <u>1,176,497</u>	\$ <u>5,092,029</u>

<u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u>			
Operating revenues	\$ 762,443	\$ 92,356	\$ 854,799
Operating expenses			
Operating expense - other	(3,131,040)	(61,734)	(3,192,774)
Depreciation expense	(164,408)	(28,540)	(192,948)
Nonoperating revenue			
Nonoperating revenue - other	1,653	1,857	3,510
Federal operating grants	<u>2,462,022</u>	<u>0</u>	<u>2,462,022</u>
Net income before capital Contributions	(69,330)	3,939	(65,391)
Capital Contributions	<u>70,227</u>	<u>0</u>	<u>70,227</u>
Change in net position	<u>897</u>	<u>3,939</u>	<u>4,836</u>
Net Position, beginning of year	<u>3,914,635</u>	<u>1,172,558</u>	<u>5,087,193</u>
Net Position, end of year	\$ <u>3,915,532</u>	\$ <u>1,176,497</u>	\$ <u>5,092,029</u>

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

	<u>Housing</u>	<u>Component</u>	
	<u>Authority</u>	<u>Units</u>	<u>Total</u>
<u>Condensed Statement of Cash Flows</u>			
Net Cash Provided (Used) by Operating Activities	\$(1,845,502)	\$ 14,807	\$ (1,830,695)
Net Cash from Noncapital Financing Activities	2,462,022	0	2,462,022
Net Cash Flows Used by Capital And Related Financing Activities	(316,497)	(1,577)	(318,074)
Net Cash from Investing Activities	<u>2,053</u>	<u>1,857</u>	<u>3,910</u>
Net Increase in Cash and Cash Equivalents	302,076	15,087	317,163
Cash - Beginning of Year	<u>993,066</u>	<u>581,000</u>	<u>1,574,066</u>
Cash - End of Year	<u>\$ 1,295,142</u>	<u>\$596,087</u>	<u>\$ 1,891,229</u>

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Budgets: Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation is not presented because the budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget is adopted by the Authority's Board and represents budgetary execution and management by the board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents: Deposits consist of checking and savings accounts and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purpose of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchased and non-negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by political subdivisions.

Tenant Receivables: Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority Board takes annual action as required to write off specific uncollectible accounts receivable balances.

Prepaid: Prepays represent payments made to vendors for services that will benefit beyond September 30, 2020.

Inventories: Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The consumption method is applied, and expense is charged when inventory items are used for the units.

Interprogram Due From and Due To - During the course of its operations, the Authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between programs for which the applicable cash transfer

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Interprogram Due From and Due To (Continued)

had not been made as of the balance sheet date. Interprogram accounts have been eliminated for financial statement reporting purposes.

Capital Assets: Capital assets purchased are recorded at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more with an anticipated useful life of more than one (1) year. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash reimbursements from HUD, there are no capitalized interest costs in current programs.

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Buildings	40 years
Maintenance and Office equipment	3-10 years
Leasehold Improvements	15 years

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

Operating Revenues and Expenses: Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted Assets: When both restricted (if any) and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted resources if they are needed.

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 liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Leasing Activities (as Lessor): The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental Income." Rental income per resident generally remains consistent from year to year but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision.

Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy requires that an investment strategy be developed annually, as part of the budget process, for all agency funds that are not needed immediately. At September 30, 2020, the Authority's deposits and investments were not limited and all of which were available on demand.

B. Credit Risk: This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

C. Custodial Credit Risk: This is a risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents: (Continued)

Custodial Credit Risk (continued)

Deposits made in accordance with state stature (Indiana Code 5-13) with financial institutions in the State of Indiana should be covered to the extent not covered by insurance of any federal deposit insurance agency.

At September 30, 2020, the carrying amount of the Authority's deposits was \$1,891,229. The bank balances were \$1,830,431. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third-party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits and Section 8 HAP reserves.

Deposits consist of the following:

Checking accounts	\$1,835,357
Savings accounts	<u>55,872</u>
Total	<u>\$1,891,229</u>

NOTE C - Accounts Receivable:

Accounts receivable at September 30, 2020, consist of the following:

Accounts receivable HUD	\$ 88,941
Tenant accounts receivable - net of allowance for Doubtful accounts of \$124,548	221,649
Fraud recovery - net of allowance for Doubtful accounts of \$33,125	0
Accounts receivable miscellaneous	<u>46,889</u>
Total	<u>\$357,479</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at September 30, 2020, consist of the following:

Prepaid insurance	<u>\$7,676</u>
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NOTE E - Inventory:

Inventory, net of allowance of \$833	<u>\$15,813</u>
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Materials inventories are recorded at cost. The first-in/first-out (FIFO) inventory flow assumption is used to determine expenses. Expenses are recorded when inventory is consumed.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE F - Component Units:

The Michigan City Housing Development, Inc. was established by the Housing Authority of the City of Michigan City as a not-for-profit corporation. The general purpose of MCHDI is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income pursuant to economic guidelines established by the United States Department of Housing and Urban Development. Educational services shall be provided to prospective members of such identifiable groups for purposes of teaching the principles of a home purchase and ownership. MCHDI was organized exclusively for charitable and educational purposes and is governed by a separate Board of Directors comprised of two Housing Authority of the City of Michigan City board members and two independent members.

NOTE G - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>09/30/19</u>	Increases	Decreases	Transfers	Ending Balance <u>09/30/20</u>
Capital assets, not being depreciated:					
Land	\$ 463,527	\$ 0	\$ 1	\$ 0	\$ 463,526
Construction in Progress	<u>198,474</u>	<u>85,159</u>	<u>0</u>	<u>0</u>	<u>283,633</u>
Total Capital Assets, Not being depreciated	<u>662,001</u>	<u>85,159</u>	<u>1</u>	<u>0</u>	<u>747,159</u>
Capital Assets, being depreciated:					
Buildings & Improvements	18,594,175	1,222,512	0	0	19,816,687
Furniture, Equipment & Machinery	<u>691,820</u>	<u>14,902</u>	<u>0</u>	<u>0</u>	<u>706,722</u>
Total Capital Assets, being depreciated	<u>19,285,995</u>	<u>1,237,414</u>	<u>0</u>	<u>0</u>	<u>20,523,409</u>
Less Accumulated Depreciation	<u>(16,404,008)</u>	<u>(192,948)</u>	<u>0</u>	<u>0</u>	<u>(16,596,956)</u>
Total Capital Assets, being depreciated, net	<u>2,881,987</u>	<u>1,044,446</u>	<u>1</u>	<u>0</u>	<u>3,926,453</u>
Capital Assets, Net	<u>\$ 3,543,987</u>	<u>\$ 1,129,625</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 4,673,612</u>

There were no major construction projects in process at the fiscal year ending September 30, 2020.

Depreciation expense of \$192,948 was incurred during the year.

NOTE H - Accounts Payable:

Accounts payable at September 30, 2020, consist of the following:

Vendors' accounts payable	<u>\$205,094</u>
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HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE I - Accrued Liabilities:

Accrued liabilities at September 30, 2020, consist of the following:

Accrued compensated absences and payroll \$65,728

NOTE J - Unearned Revenue:

Unearned revenue at September 30, 2020, consists of the following:

Prepaid rent and Cares Act funds \$191,269

NOTE K - Noncurrent Liabilities:

Noncurrent liabilities at September 30, 2020, consist of the following:

Accrued Absences-Noncurrent \$75,223

Homebuyers Earned Home Payments 14,028

Family Self Sufficiency 24,412

Total \$113,663

	<u>9/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/20</u>	<u>Current</u>	<u>Total</u>
Accrued Compensated Absences	<u>\$64,203</u>	<u>\$11,020</u>	<u>\$ 0</u>	<u>\$75,223</u>	<u>\$7,868</u>	<u>\$83,091</u>

NOTE L - Notes Payable:

Notes Payable at September 30, 2020, consist of the following:

The mortgage is payable to the FCN Bank, National Associates and bears interest at 4.558% per annum over 10 years. Quarterly payments are \$26,153 per quarter. The mortgage note is secured by the Project. The final payment is due March 2035. The balance due is \$1,221,953.

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 16,224	\$ 23,972	\$ 40,196
2021	66,227	38,384	104,611
2022	68,406	36,205	104,611
2023	70,655	33,956	104,611
2024	72,981	31,630	104,611
2025-2029	402,534	120,522	523,056
2030-2034	473,251	49,805	523,056
2035	<u>51,675</u>	<u>631</u>	<u>52,306</u>
Total	<u>\$1,221,953</u>	<u>\$ 335,105</u>	<u>\$1,557,058</u>

	<u>9/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/20</u>
Change in Debt	<u>\$ 0</u>	<u>\$ 1,221,953</u>	<u>\$ 0</u>	<u>\$ 1,221,953</u>

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE M - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended September 30, 2020, were as follows:

Public & Indian Housing	\$ 476,990
Section 8 Housing Choice Vouchers	1,854,559
Capital Fund Programs	13,921
Cares Act Programs	<u>112,315</u>
Total	<u>\$2,457,785</u>

NOTE N - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended September 30, 2020, were \$65,991 for capital fund and \$4,237 for Cares Act.

NOTE O - Commitments and Contingencies:

Litigation - At September 30, 2020, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended September 30, 2020.

Grant Disallowances - Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects - There are no major construction projects in process at September 30, 2020. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

NOTE P - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this coverage in any of the past three years.

NOTE Q - Economic Dependency:

The Authority receives approximately 75% of its revenue from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE R - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing development is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

HUD no longer provides the Authority with debt services information since the Authority has no obligation for the debt.

NOTE S - Defined Contribution Plan:

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will received depends solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of full-time employment. The Authority contributes an amount equal to 5% of the employee base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after 5 years. The Authority's total pension contribution in fiscal year ending September 30, 2020, was \$13,387. Total annual payroll expense was \$352,141.

The Board of Directors has the authority to establish or amend the plan provisions. The Board of Directors has the authority to establish or amend the contributions to the plan.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Continued)

NOTE T - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through June 28, 2021 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

The Housing Authority's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (Covid-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption may cause an adverse impact on the Housing Authority's financial position, operations and cash flows. Possible effects may include, the reduction of tenant's dwelling rent due to the increased unemployment, absenteeism in the Housing Authority's workforce, unavailability of products and supplies, and reduced accessibility to contractors.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION
SEPTEMBER 30, 2020

	Annual Contributions Contracts		
	C - 933	C - 933	C - 933
	Low Income Public Housing & Cares Act	Capital Fund Programs	Resident Opportunity & Supp Services
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 892,276	\$ 0	\$ 0
Restricted Cash and cash equivalents	46,598	0	0
Accounts receivable, net	296,219	0	0
Investments	0	0	0
Interprogram due from	0	0	0
Prepaid expenses	1,446	0	0
Inventory	15,481	0	0
Total Current Assets	1,252,020	0	0
<u>Capital Assets</u>			
Land and other nondepreciable assets	644,715	0	0
Depreciable capital assets, net	2,657,923	0	0
Total Capital Assets	3,302,638	0	0
TOTAL ASSETS	4,554,658	0	0
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	322,809	0	0
Accrued liabilities	51,577	0	0
Interprogram due to	1,512,638	0	0
Current portion of long term debt	0	0	0
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	46,598	0	0
Unearned revenue	25,673	0	0
Total Current liabilities	1,959,295	0	0
<u>Noncurrent Liabilities</u>			
Other noncurrent liabilities	78,231	0	0
Long term debt	934,272	0	0
Total Noncurrent Liabilities	1,012,503	0	0
Total Liabilities	2,971,798	0	0
<u>NET POSITION</u>			
Net investment in capital assets	3,302,638	0	0
Restricted	20,289	0	0
Unrestricted	(1,740,067)	0	0
Total Net Position	\$ 1,582,860	\$ 0	\$ 0

C - 2057

Housing

<u>Choice Vouchers & Cares Act</u>	<u>Component Unit</u>	<u>Business Activities</u>	<u>Interfund Elimination</u>	<u>Total</u>
\$ 116,659	\$ 589,114	\$ 73,894	\$ 0	\$ 1,671,943
165,715	6,973	0	0	219,286
21,131	22,020	18,109	0	357,479
0	0	0	0	0
0	0	1,512,638	(1,512,638)	0
5,601	0	723	0	7,770
0	238	0	0	15,719
<u>309,106</u>	<u>618,345</u>	<u>1,605,364</u>	<u>(1,512,638)</u>	<u>2,272,197</u>
0	48,810	53,634	0	747,159
<u>1,274</u>	<u>633,693</u>	<u>633,563</u>	<u>0</u>	<u>3,926,453</u>
<u>1,274</u>	<u>682,503</u>	<u>687,197</u>	<u>0</u>	<u>4,673,612</u>
<u>310,380</u>	<u>1,300,848</u>	<u>2,292,561</u>	<u>(1,512,638)</u>	<u>6,945,809</u>
62,349	93,193	14,424	0	492,775
13,145	1,006	0	0	65,728
0	0	0	(1,512,638)	0
0	0	0	0	0
0	9,475	0	0	56,073
<u>141,303</u>	<u>15,503</u>	<u>8,790</u>	<u>0</u>	<u>191,269</u>
<u>216,797</u>	<u>119,177</u>	<u>23,214</u>	<u>(1,512,638)</u>	<u>805,845</u>
30,258	5,174	0	0	113,663
0	0	0	0	934,272
<u>30,258</u>	<u>5,174</u>	<u>0</u>	<u>0</u>	<u>1,047,935</u>
<u>247,055</u>	<u>124,351</u>	<u>23,214</u>	<u>(1,512,638)</u>	<u>1,853,780</u>
1,274	682,503	687,197	0	4,673,612
0	0	0	0	20,289
62,051	493,994	1,582,150	0	398,128
<u>\$ 63,325</u>	<u>\$ 1,176,497</u>	<u>\$ 2,269,347</u>	<u>\$ 0</u>	<u>\$ 5,092,029</u>

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Annual Contributions Contracts		
	C - 933	C - 933	C - 933
	Low Income	Capital	Resident
	Public Housing	Fund	Opportunity
	& Cares Act	Programs	Supp Services
<u>OPERATING REVENUES</u>			
Rental income	\$ 500,584	\$ 0	\$ 0
Other income	55,847	0	0
TOTAL OPERATING REVENUE	556,431	0	0
<u>OPERATING EXPENSES</u>			
Administrative	288,303	0	0
Tenant services	0	0	0
Utilities	278,070	0	0
Ordinary maintenance and operation	365,737	0	0
Protective services	14,899	0	0
General expense	94,051	0	0
Interest expense	23,972	0	0
Housing assistance payments	0	0	0
Depreciation expense	129,093	0	0
TOTAL OPERATING EXPENSES	1,194,125	0	0
OPERATING INCOME (LOSS)	(637,694)	0	0
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	493,215	13,922	0
Gain on sale of capital asset	500	0	0
Interest expense	0	0	0
Interest income	959	0	0
TOTAL NONOPERATING REVENUES	494,674	13,922	0
Net income before capital contributions	(143,020)	13,922	0
Capital contributions	4,237	65,990	0
CHANGE IN NET POSITION	(138,783)	79,912	0
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	1,641,731	0	0
Operating transfers	79,912	(79,912)	0
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	1,721,643	(79,912)	0
TOTAL NET POSITION - END OF YEAR	\$ 1,582,860	\$ 0	\$ 0

C - 2057

Housing

Choice Vouchers & Cares Act	Component Unit	Business Activities	Elimination	Total
\$ 0	\$ 92,356	\$ 186,103	\$ 0	\$ 779,043
19,509	0	0	0	75,356
<u>19,509</u>	<u>92,356</u>	<u>186,103</u>	<u>0</u>	<u>854,399</u>
128,067	6,496	1,299	0	424,165
0	0	0	0	0
0	17,831	6,642	0	302,543
9,410	27,501	32,358	0	435,006
0	0	0	0	14,899
20,230	12,186	18,577	0	145,044
0	0	0	0	23,972
1,845,094	0	0	0	1,845,094
753	28,540	34,562	0	192,948
<u>2,003,554</u>	<u>92,554</u>	<u>93,438</u>	<u>0</u>	<u>3,383,671</u>
(1,984,045)	(198)	92,665	0	(2,529,272)
1,954,885	0	0	0	2,462,022
0	0	0	0	500
0	0	0	0	0
93	1,857	501	0	3,410
<u>1,954,978</u>	<u>1,857</u>	<u>501</u>	<u>0</u>	<u>2,465,932</u>
(29,067)	1,659	93,166	0	(63,340)
0	0	0	0	70,227
<u>(29,067)</u>	<u>1,659</u>	<u>93,166</u>	<u>0</u>	<u>6,887</u>
92,392	1,174,838	2,176,181	0	5,085,142
0	0	0	0	0
<u>92,392</u>	<u>1,174,838</u>	<u>2,176,181</u>	<u>0</u>	<u>5,085,142</u>
<u>\$ 63,325</u>	<u>\$ 1,176,497</u>	<u>\$ 2,269,347</u>	<u>\$ 0</u>	<u>\$ 5,092,029</u>

Housing Authority of the City of Michigan City (IN019)

MICHIGAN CITY, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$871,987	\$4,455	\$116,659			\$599,114	\$1,582,215		\$1,582,215
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0				\$0		\$0
113 Cash - Other Restricted	\$20,289	\$0	\$24,412		\$141,303	\$6,973	\$192,977		\$192,977
114 Cash - Tenant Security Deposits	\$46,598	\$13,567	\$0				\$60,165		\$60,165
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0				\$0		\$0
100 Total Cash	\$938,874	\$18,022	\$141,071	\$0	\$141,303	\$599,087	\$1,835,357	\$0	\$1,835,357
121 Accounts Receivable - PHA Projects	\$0	\$0	\$21,131				\$21,131		\$21,131
122 Accounts Receivable - HUD Other Projects	\$81,751	\$0	\$0	\$7,190			\$88,941		\$88,941
124 Accounts Receivable - Other Government	\$0	\$0	\$0				\$0		\$0
125 Accounts Receivable - Miscellaneous	\$7,190	\$0	\$0				\$0		\$0
126 Accounts Receivable - Tenants	\$313,105	\$25,296	\$0			\$18,568	\$25,758		\$25,758
126.1 Allowance for Doubtful Accounts - Tenants	-\$113,017	-\$7,187	\$0			\$7,796	\$346,197		\$346,197
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		-\$4,344	-\$124,548		-\$124,548
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0			\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$33,125				\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	-\$33,125				\$33,125		\$33,125
129 Accrued Interest Receivable	\$0	\$0	\$0				-\$33,125		-\$33,125
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$289,029	\$18,109	\$21,131	\$7,190	\$0	\$22,020	\$357,479	\$0	\$357,479
131 Investments - Unrestricted	\$0	\$55,872	\$0				\$55,872		\$55,872
132 Investments - Restricted	\$0	\$0	\$0				\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0				\$0		\$0
142 Prepaid Expenses and Other Assets	\$1,446	\$629	\$5,601				\$7,676		\$7,676
143 Inventories	\$16,298	\$99	\$0				\$16,646		\$16,646
143.1 Allowance for Obsolete Inventories	-\$815	-\$5	\$0			\$251	\$16,646		\$16,646
144 Inter Program Due From	\$0	\$1,512,638	\$0				\$16,646		\$16,646
145 Assets Held for Sale	\$0	\$0	\$0				-\$13		-\$13
145 Assets Held for Sale	\$0	\$0	\$0				\$1,512,638	-\$1,512,638	\$0
150 Total Current Assets	\$1,244,830	\$1,605,364	\$167,803	\$7,190	\$141,303	\$618,345	\$3,784,835	-\$1,512,638	\$2,272,197
161 Land	\$981,082	\$53,634	\$0				\$48,810		\$463,526
162 Buildings	\$16,362,648	\$1,339,923	\$394				\$1,150,060		\$16,853,025
163 Furniture, Equipment & Machinery - Dwellings	\$198,463	\$7,348	\$0				\$3,341		\$207,152
164 Furniture, Equipment & Machinery - Administration	\$393,893	\$4,160	\$75,019				\$26,498		\$499,570
165 Leasehold Improvements	\$938,606	\$17,018	\$0				\$9,038		\$933,662
166 Accumulated Depreciation	-\$15,233,687	-\$734,886	-\$74,139				-\$554,244		-\$16,596,956
167 Construction in Progress	\$283,633	\$0	\$0				\$283,633		\$283,633
168 Infrastructure	\$0	\$0	\$0				\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,302,638	\$687,197	\$1,274	\$0	\$0	\$682,503	\$4,673,612	\$0	\$4,673,612
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0				\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0				\$0		\$0

173	Grants Receivable - Non Current	\$0	\$0	\$0			\$0	\$0	\$0
174	Other Assets	\$0	\$0	\$0			\$0	\$0	\$0
176	Investments in Joint Ventures	\$0	\$0	\$0			\$0	\$0	\$0
180	Total Non-Current Assets	\$3,302,638	\$687,197	\$1,274	\$0	\$0	\$682,503	\$4,673,612	\$0
200	Deferred Outflow of Resources	\$0	\$0	\$0			\$0	\$0	\$0
290	Total Assets and Deferred Outflow of Resources	\$4,547,468	\$2,292,561	\$169,077	\$7,190	\$141,303	\$1,300,848	\$8,458,447	-\$1,512,638
311	Bank Overdraft	\$0	\$0	\$0			\$0	\$0	\$0
312	Accounts Payable <= 90 Days	\$27,938	\$857	\$62,349	\$7,190		\$3,529	\$101,863	\$101,863
313	Accounts Payable >90 Days Past Due	\$0	\$0	\$0			\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$20,962	\$0	\$0			\$0	\$0	\$0
322	Accrued Compensated Absences - Current Portion	\$6,643	\$0	\$650			\$575	\$7,868	\$7,868
324	Accrued Contingency Liability	\$0	\$0	\$0			\$0	\$0	\$0
325	Accrued Interest Payable	\$23,972	\$0	\$0			\$0	\$23,972	\$23,972
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0			\$0	\$0	\$0
332	Account Payable - PHA Projects	\$0	\$0	\$0			\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0			\$0	\$0	\$0
341	Tenant Security Deposits	\$46,598	\$13,567	\$0			\$90,095	\$90,095	\$90,095
342	Unearned Revenue	\$25,673	\$8,790	\$0		\$141,303	\$9,475	\$69,640	\$69,640
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0			\$15,503	\$191,289	\$191,289
344	Current Portion of Long-term Debt - Operating Borrowings	\$287,681	\$0	\$0			\$0	\$0	\$0
345	Other Current Liabilities	\$0	\$0	\$12,495			\$0	\$287,681	\$287,681
346	Accrued Liabilities - Other	\$0	\$0	\$0			\$12,495	\$12,495	\$12,495
347	Inter Program - Due To	\$1,512,638	\$0	\$0			\$0	\$0	\$0
348	Loan Liability - Current	\$0	\$0	\$0			\$0	\$1,512,638	-\$1,512,638
310	Total Current Liabilities	\$1,952,105	\$23,214	\$75,494	\$7,190	\$141,303	\$119,177	\$2,318,483	-\$1,512,638
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0			\$0	\$0	\$0
352	Long-term Debt, Net of Current - Operating Borrowings	\$934,272	\$0	\$0			\$0	\$934,272	\$934,272
353	Non-current Liabilities - Other	\$14,028	\$0	\$24,412			\$0	\$38,440	\$38,440
354	Accrued Compensated Absences - Non Current	\$64,203	\$0	\$5,846			\$5,174	\$75,223	\$75,223
355	Loan Liability - Non Current	\$0	\$0	\$0			\$0	\$0	\$0
356	FASB 5 Liabilities	\$0	\$0	\$0			\$0	\$0	\$0
357	Accrued Pension and OPEB Liabilities	\$0	\$0	\$0			\$0	\$0	\$0
350	Total Non-Current Liabilities	\$1,012,503	\$0	\$30,258	\$0	\$0	\$5,174	\$1,047,935	\$0
300	Total Liabilities	\$2,964,608	\$23,214	\$105,752	\$7,190	\$141,303	\$124,351	\$3,366,418	-\$1,512,638
400	Deferred Inflow of Resources	\$0	\$0	\$0			\$0	\$0	\$0
508.4	Net Investment in Capital Assets	\$2,080,685	\$687,197	\$1,274			\$682,503	\$3,451,659	\$3,451,659
511.4	Restricted Net Position	\$20,289	\$0	\$0			\$0	\$20,289	\$20,289
512.4	Unrestricted Net Position	-\$518,114	\$1,582,150	\$62,051	\$0	\$0	\$493,994	\$1,620,081	\$1,620,081
513	Total Equity - Net Assets / Position	\$1,582,860	\$2,269,347	\$63,325	\$0	\$0	\$1,178,497	\$5,092,029	\$5,092,029
500	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,547,468	\$2,292,561	\$169,077	\$7,190	\$141,303	\$1,300,848	\$8,458,447	-\$1,512,638

Housing Authority of the City of Michigan City (IN019)
MICHIGAN CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2020

	Project Total	1 Business Activillas	14,871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$483,624	\$182,677	\$0						
70400 Tenant Revenue - Other	\$16,849	\$3,426	\$0			\$91,277	\$757,576		\$757,576
70500 Total Tenant Revenue	\$500,473	\$186,103	\$0	\$0	\$0	\$1,079	\$21,354		\$21,354
						\$92,356	\$778,932		\$778,932
70600 HUD PHA Operating Grants	\$490,912	\$0	\$1,854,559	\$11,988	\$100,326				
70610 Capital Grants	\$65,980	\$0	\$0	\$4,237			\$2,457,785		\$2,457,785
70710 Management Fee							\$70,227		\$70,227
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants	\$0	\$0	\$0						
71100 Investment Income - Unrestricted	\$959	\$501	\$93				\$0		\$0
71200 Mortgage Interest Income	\$0	\$0	\$0			\$1,857	\$3,410		\$3,410
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0				\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0				\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$380				\$380		\$380
71500 Other Revenue	\$54,465	\$4,331	\$21,261				\$80,057		\$80,057
71600 Gain or Loss on Sale of Capital Assets	\$500	\$0	\$0				\$500		\$500
72000 Investment Income - Restricted	\$0	\$0	\$0				\$0		\$0
70000 Total Revenue	\$1,113,299	\$190,935	\$1,876,293	\$16,225	\$100,326	\$94,213	\$3,391,291		\$3,391,291
81100 Administrative Salaries	\$135,104	\$0	\$93,401	\$5,106	\$480		\$194,091		\$194,091
81200 Auditing Fees	\$0	\$0	\$0				\$0		\$0
81300 Management Fee	\$0	\$0	\$0				\$0		\$0
81310 Book-keeping Fee	\$0	\$0	\$0				\$0		\$0
81400 Advertising and Marketing	\$0	\$0	\$137				\$137		\$137
81500 Employee Benefit contributions - Administrative	\$44,129	\$0	\$30,926				\$75,055		\$75,055
81600 Office Expenses	\$11,351	\$115	\$3,285			\$77	\$14,828		\$14,828
81700 Legal Expense	\$12,076	\$160	\$935			\$2,603	\$15,774		\$15,774
81800 Travel	\$0	\$0	\$0				\$0		\$0
81810 Allocated Overhead	\$0	\$0	\$0				\$0		\$0
81900 Other	\$86,521	\$5,307	\$35,908	\$1,921			\$131,196		\$131,196
81000 Total Operating - Administrative	\$289,181	\$5,582	\$124,592	\$7,027	\$480	\$4,219	\$431,081		\$431,081
92000 Asset Management Fee	\$0	\$0	\$0				\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0				\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0				\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0				\$0		\$0
92400 Tenant Services - Other	\$0	\$0	\$0				\$0		\$0

92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$30,822	\$2,102	\$0			\$2,374	\$35,298	\$35,298
93200 Electricity	\$130,278	\$688	\$0			\$7,386	\$138,352	\$138,352
93300 Gas	\$72,263	\$1,157	\$0			\$4,666	\$78,106	\$78,106
93400 Fuel	\$0	\$0	\$0				\$0	\$0
93500 Labor	\$0	\$0	\$0				\$0	\$0
93600 Sewer	\$44,928	\$2,696	\$0			\$3,365	\$50,989	\$50,989
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0				\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0				\$0	\$0
93000 Total Utilities	\$278,291	\$6,643	\$0	\$0	\$0	\$18,116	\$303,050	\$303,050
94100 Ordinary Maintenance and Operations - Labor	\$111,292	\$13,550	\$0			\$11,334	\$138,176	\$138,176
94200 Ordinary Maintenance and Operations - Materials and Other	\$23,009	\$7,174	\$9,410	\$1,083		\$6,170	\$48,846	\$48,846
94300 Ordinary Maintenance and Operations Contracts	\$80,189	\$8,151	\$0	\$3,878		\$3,184	\$98,402	\$98,402
94500 Employee Benefit Contributions - Ordinary Maintenance	\$79,916	\$2,667	\$0			\$6,527	\$89,110	\$89,110
94000 Total Maintenance	\$297,406	\$31,542	\$9,410	\$4,961	\$0	\$27,215	\$370,534	\$370,534
95100 Protective Services - Labor	\$12,055	\$0	\$0				\$12,085	\$12,085
95200 Protective Services - Other Contract Costs	\$1,410	\$0	\$0				\$1,410	\$1,410
95300 Protective Services - Other	\$0	\$0	\$0				\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$943	\$0	\$0				\$943	\$943
95000 Total Protective Services	\$14,418	\$0	\$0	\$0	\$0	\$0	\$14,418	\$14,418
96110 Property Insurance	\$53,139	\$7,961	\$9,964			\$4,379	\$75,443	\$75,443
96120 Liability Insurance	\$0	\$2,402	\$8,627			\$2,502	\$13,531	\$13,531
96130 Workmen's Compensation	\$3,808	\$1,392	\$1,183			\$1,112	\$7,495	\$7,495
96140 All Other Insurance	\$3,378	\$1,195	\$1,016			\$3,100	\$8,689	\$8,689
96100 Total Insurance Premiums	\$60,325	\$12,950	\$20,790	\$0	\$0	\$11,093	\$105,158	\$105,158
96200 Other General Expenses	\$0	\$0	\$4,567				\$4,567	\$4,567
96210 Compensated Absences	\$0	\$0	\$0				\$0	\$0
96300 Payments in Lieu of Taxes	\$0	\$95	\$0				\$96	\$96
96400 Bad debt - Tenant Rents	\$39,828	\$5,579	\$0			\$3,371	\$48,778	\$48,778
96500 Bad debt - Mortgages	\$0	\$0	\$0				\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0				\$0	\$0
96800 Severance Expense	\$0	\$0	\$0				\$0	\$0
96000 Total Other General Expenses	\$39,828	\$5,675	\$4,567	\$0	\$0	\$3,371	\$53,441	\$53,441
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0				\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$23,972	\$0	\$0				\$23,972	\$23,972
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0				\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$23,972	\$0	\$0	\$0	\$0	\$0	\$23,972	\$23,972
96900 Total Operating Expenses	\$1,003,421	\$62,392	\$159,359	\$11,988	\$480	\$64,014	\$1,301,654	\$1,301,654
97000 Excess of Operating Revenue over Operating Expenses	\$109,876	\$128,543	\$1,716,934	\$4,237	\$99,846	\$30,199	\$2,089,637	\$2,089,637
97100 Extraordinary Maintenance	\$9,266	\$815	\$0				\$10,081	\$10,081
97200 Casually Losses - Non-capitalized	\$34,627	\$0	\$0				\$34,627	\$34,627
97300 Housing Assistance Payments	\$0	\$0	\$1,826,982				\$1,826,982	\$1,826,982

97350 HAP Portability-In	\$0	\$0	\$18,112				\$18,112		\$18,112
97400 Depreciation Expense	\$129,093	\$54,562	\$753				\$192,948		\$192,948
97500 Fraud Losses	\$0	\$0	\$0			\$28,540	\$192,948		\$192,948
97600 Capital Outlays - Governmental Funds							\$0		\$0
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense	\$0	\$0	\$0						
90000 Total Expenses	\$1,176,407	\$97,769	\$2,005,208	\$11,988	\$480	\$92,554	\$3,384,404		\$3,384,404
10010 Operating Transfer In	\$0	\$0	\$0				\$0		\$0
10020 Operating Transfer Out	\$0	\$0	\$0				\$0		\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0				\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0				\$0		\$0
10050 Proceeds from Notes, Loans and Bonds							\$0		\$0
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0				\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0				\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0						\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0						\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0				\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0				\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$63,108	\$93,166	-\$128,913	\$4,237	\$99,846	\$1,659	\$6,887		\$6,887
11020 Required Annual Debt Principal Payments	\$287,681	\$0	\$0	\$0	\$0	\$0	\$287,681		\$287,681
11030 Beginning Equity	\$1,641,731	\$2,176,181	\$92,392	\$0	\$0	\$1,174,838	\$5,085,142		\$5,085,142
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$4,237		\$99,846	-\$4,237	-\$99,846	\$0	\$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	\$0		\$63,325				\$63,325		\$63,325
11180 Housing Assistance Payments Equity			\$0				\$0		\$0
11190 Unit Months Available	2244	302	3237			173	5956		5956
11210 Number of Unit Months Leased	2110	302	3237			173	5922		5922
11270 Excess Cash	-\$826,949						-\$826,949		-\$826,949
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$61,890						\$61,890		\$61,890
11630 Furniture & Equipment - Dwelling Purchases	\$4,100						\$4,100		\$4,100
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Anderson, Tennessee

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue and gains and losses on the disposal of capital assets in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HUD</u>				
C-933	Public and Indian Housing	14.850	\$ 476,990	\$ 476,990
C-933	Housing Voucher Cluster Section 8 Housing Choice Vouchers	14.871	1,854,559	1,854,559
C-933	Public Housing Capital Fund	14.872	790,454	79,912
C-933	Public Housing Cares Act	14.PHC	16,225	16,225
C-933	HCV Cares Act Funding	14.HCC	<u>241,630</u>	<u>100,326</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$3,379,858</u>	<u>\$2,528,012</u>

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Michigan City under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Michigan City, it is not intended to and does not present the financial position, changes in net position or cash flow of Housing Authority of the City of Michigan City.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Housing Authority of the City of Michigan City has not elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

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*

Independent Auditor's Report

Management and
Board of Commissioners of the
Housing Authority of the City of Michigan City
621 E Michigan Blvd.
Michigan City, Indiana 46360

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Michigan City, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Michigan City's basic financial statements and have issued my report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 and 2020-002 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Michigan City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 28, 2021

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

Management and
Board of Commissioners of the
Housing Authority of the City of Michigan City
621 E Michigan Blvd.
Michigan City, Indiana 46360

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Michigan City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Michigan City's major federal programs for the year ended September 30, 2020. The Housing Authority of the City of Michigan City'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 federal statues, regulations, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Michigan City, 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 September 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned cost as item 2020-003. My opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Michigan City is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of the City of Michigan City 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 audit procedures that are appropriate in the circumstances for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the Housing Authority of the City of Michigan City'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 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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 28, 2021

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified?

___ yes X no

~ Significant deficiency(s) identified?

X yes ___ none reported

Noncompliance material to financial statements noted?

___ yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified?

___ yes X no

~ Significant deficiency(s) identified that are not considered to be material weakness(es)?

X yes ___ none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X yes ___ no

Identification of major federal programs:

CFDA Number

Name of Federal Program

14.850

Public & Indian Housing

Housing Voucher Cluster

14.871

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

___ yes X no

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

2019-001

Financial Transactions

PRIOR

CONDITION:

There were several deficiencies in the internal control system of the Housing Authority related to financial transactions.

CURRENT

CONDITION:

In the current sample there were no exceptions noted.

This finding is cleared.

2019-002

Preparation of the Schedule of Expenditures of Federal Awards

PRIOR

CONDITION:

The Housing Authority did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). An oversight or review process was not in place and the SEFA was not prepared in a timely fashion for the audit.

CURRENT

CONDITION:

The REAC system and fee accountant prepared the SEFA.

This finding is cleared.

2019-003

Housing Choice Voucher Cluster

PRIOR

CONDITION:

An effective internal control system was not in place at the Housing Authority in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The Housing Authority had not designed or implemented adequate policies or procedures to ensure that the rates at which the employees were paid were correct and approved. As a result, all payroll amounts paid became unallowable as we could not verify the pay rates used from October 1, 2018 - September 30, 2019.

CURRENT

CONDITION:

There was a sample tested of the employee files and no exceptions were noted.

This finding is cleared.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS
(Continued)

2019-004

Housing Choice Voucher Cluster

PRIOR

CONDITION:

The Housing Authority had not established an effective internal control system on the Eligibility compliance requirement.

CURRENT

CONDITION:

There was a sample tested of the section 8 voucher resident files and no exceptions were noted.

This finding is cleared.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001

INTERFUND REIMBURSEMENT:

CURRENT

CONDITION: The Authority does not have a system in place to reimburse and settle the program interfunds on a regular basis.

CFDA#: 14.850, 14.871

CRITERIA: HUD rules and regulations require that program funds be separately accounted for and can not be intermingled.

EFFECT: The Authority is in violation of the ACC.

QUESTIONED COSTS: None

CONTEXT: The Authority uses revolving accounts in the normal course of business to pay vendor bills and employees. The Authority does not have a regular routine for analyzing the interfunds and moving the cash to the appropriate program on a regular basis.

RECOMMENDATION: The Authority needs to settle the interfunds on at least a quarterly basis.

DISCUSSED WITH: Sharon Hutton and Board members, April 14, 2021

RESPONSE: We have hired a new Finance Manager that will be reviewing and reconciling all the books on a monthly basis.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2020-002 BALANCE SHEET SUBSTANTIATION

CURRENT

CONDITION: The following accounts lacked proper supporting documentation,
or are not in agreement with the supporting documentation.

VOUCHERS

1. List of accounts payable of 62,349
2. List of ports of 21,130
3. Prepaid insurance register
4. The beginning equity balance does not agree with last years REAC approved audit report.

BUSINESS ACTIVITIES

1. Prepaid insurance register
2. Year to date general ledger for the interfund of 1,512,638
3. The beginning equity balance does not agree with last years REAC approved audit report.

COMPONENT UNITS

1. Prepaid insurance register
2. Supporting documentation for A/R, prepaid rent, allowance, and security deposits
3. List of A/P 3,098
4. The beginning equity balance does not agree with last years REAC approved audit report.

PROJECT

1. General Fund Cash - missing support for 10,173, -12,702, 673
2. Support for Accounts receivable, Prepaid rent, and Security deposits does not agree
3. No support for A/R HUD of 54,994.
4. Prepaid insurance register
5. Inventory
6. Accounts payable and interfund year to date general ledger, support for \$27,938, & \$1,512,638
7. The beginning equity balance does not agree with last years REAC approved audit report.
The homebuyers reserve account does not agree

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

CFDA#: 14.850, 14.871

CRITERIA: HUD rules and regulations require internal controls and regular agreement of supporting documentation for account balances.

EFFECT: The Authority does not have accurate records.

QUESTIONED COSTS: None

CONTEXT: The Authority has not had sufficient staff and helpful fee accounts and has not had regular internal controls in place to ensure that the account balances stay accurate.

RECOMMENDATION: The Authority needs to analyze the staffing, including the fee accounting and put trained staff in place who can use proper internal controls to keep the books and records accurate. Old account balances should be written off with board approval.

DISCUSSED WITH: Sharon Hutton and Board members, April 14, 2021

RESPONSE: The Finance Manager is currently working on a new policy and procedure for the staff. One of the new policies would be to bring a write-off quarterly to the board. We are preparing to go out to bid for a new fee accountant.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT YEAR FINDINGS

SECTION II - FEDERAL AWARDS FINDINGS
(Continued)

2020-003

REPORTING:

CURRENT

CONDITION: The Authority submitted an unaudited and audited financial data schedule (FDS) that did not follow the REAC line definition reporting guide.

CFDA#: 14.850, 14.871

CRITERIA: HUD rules and regulations require accurate reporting on the REAC system.

EFFECT: The Authority has not followed reporting requirements.

QUESTIONED COSTS: None

CONTEXT: The Authority's fee accountant did not put the programs in the proper columns and did not fill out all the required lines. The proper beginning equity was not used.

RECOMMENDATION: The Authority needs to completely review the fee accountants work before any submissions are made.

DISCUSSED WITH: Sharon Hutton and Board members, April 14, 2021

RESPONSE: The Housing Authority will actively began searching for a new fee accountant.

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

September 30, 2020

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2019-001	Financial Transactions	Cleared
2019-002	Preparation of Schedule of Expenditures	Cleared
2019-003	Housing Choice Voucher Cluster	Cleared
2019-004	Housing Choice Voucher Cluster	Cleared



Sharon Hutton
Executive Director

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MICHIGAN CITY HOUSING AUTHORITY CORRECTIVE ACTION PLAN FY YEAR END 2020 Audit

2020-001 Interfund Reimbursement

Current Condition: The Authority does not have a system in place to reimburse and settle the program inter-funds on a regular basis.

CFDA# 14.850, 14.871

REPLY: The Finance Manager will be reviewing and reconciling the books monthly.

Who is responsible: Executive Director and Finance Manager.

Date Completed by: September 1, 2021

2020-002 Balance Sheet Substantiation

Current Condition: The accounts lacked proper supporting documentation or are not in agreement with the supporting documentation.

CFDA# 14.850, 14.871

REPLY: The Finance Manager is currently working on writing new a policy and procedures for the finance department. One of the new polices is to present write-offs to the board quarterly. The Executive Director is preparing to go out to bid for a new fee Accountant.



Cont.

**MICHIGAN CITY HOUSING AUTHORITY CORRECTIVE ACTION
PLAN FY YEAR END 2020 Audit**

Who is responsible: The Executive Director, Board of Commissioners, and Finance Manager

Date Completed by: September 1, 2021

2020-003 **Reporting**

Current Condition: The Authority Submitted an unaudited and audited financial data schedule (FDS) that did not follow the REAC line definition reporting guide.

CFDA# 14.850, 14.871

REPLY: The Authority has actively began searching for a new fee accountant and will use Auditors that have experience and references doing HUD audits.

Who is responsible: The Executive Director and Board of Commissioners.

Date Completed by: September 1, 2021