



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B59055

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

April 12, 2022

Board of Commissioners
Housing Authority of the City of Evansville
402 Court Street, Suite B
Evansville, IN 47708

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

In our opinion, MCM CPAs & Advisors LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

The Housing Authority of the City of Evansville, Indiana

Financial Statements

Year Ended December 31, 2020

The Housing Authority of the City of Evansville, Indiana
Table of Contents
Year Ended December 31, 2020

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13 - 14
Notes to Financial Statements.....	15 - 51
Required Supplementary Information	
Schedule of the Authority's Proportionate Share of the Net Pension Liability.....	52
Schedule of the Authority's Contributions	53
Notes to the Required Supplementary Information	54
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	55
Other Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56 - 57
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	58 - 59
Schedule of Findings and Questioned Costs.....	60
Summary Schedule of Prior Audit Findings	61
Independent Accountant's Report on Applying Agreed-Upon Procedure	62
Attachment to Independent Accountant's Report on Applying Agreed-Upon Procedure	63
Financial Data Schedules.....	64 - 68



Independent Auditor's Report

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The Housing Authority of the City of Evansville, Indiana (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Authority's discretely presented component units (Vision 1505, L.P., EHA RAD I, L.P., EHA RAD II, L.P., EHA RAD IV, L.P., CSSL, L.P., Evansville Townhomes, L.P., Trailside Townhomes, L.P., Trailside Commons, L.P. and River View Vincennes, L.P.). Those statements, which were prepared in accordance with the Accounting Standards Codification as issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. No material adjustments were necessary to convert the financial statements of the discretely presented component units to the financial reporting framework used by the Authority. The financial statements of EHA RAD I, L.P., EHA RAD II, L.P., and EHA RAD IV, L.P., were audited in accordance with *Government Auditing Standards*. The financial statements of Vision 1505, L.P., CSSL, L.P., Evansville Townhomes, L.P., Trailside Townhomes, L.P., Trailside Commons, L.P. and River View Vincennes, L.P. were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

Kentucky
Indiana
Ohio

Independent Auditor's Report (Continued)

Auditors' Responsibility (Continued)

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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 to 10 and the Schedules of the Authority's Proportionate Share of the Net Pension Liability and of the Authority's Contributions on pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

MCM CPAs & Advisors LLP

Lexington, Kentucky
December 8, 2021

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis
Year Ended December 31, 2020**

This section of The Housing Authority of the City of Evansville, Indiana's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial position, results of operations and cash flows during the fiscal year ended December 31, 2020. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements and accompanying notes.

Introduction - The Housing Authority of the City of Evansville, Indiana

The Authority is a Public Housing Authority with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority, and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from the Department of Housing and Urban Development ("HUD"). The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority has included as blended component units the activities for Advantix Development Corporation and Lincoln Estates Redevelopment, Inc., both non-profit organizations. Advantix includes the financial information of its wholly-owned subsidiaries as described in Note A. These entities are considered blended component units because the Authority has financial accountability and control over their boards of directors and management.

The Authority has also included, as discretely presented component units, the activities of Vision 1505, L.P. ("Vision LP"), EHA RAD I, L.P. ("RAD I"), EHA RAD II, L.P. ("RAD II"), EHA RAD IV, L.P. ("RAD IV"), CSSL, L.P., Evansville Townhomes L.P., Trailside Townhomes L.P., Trailside Commons L.P. and River View Vincennes, L.P. These entities are shown as discretely presented component units because the Authority is financially accountable for them; however, they do not have full operational responsibilities for these entities.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purposes. The financial transactions of the Authority are recorded in the funds that consist of a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses, as appropriate. The Authority is a self-supporting entity and follows enterprise fund reporting.

This discussion and analysis are designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in net position of the Authority. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow this section.

Financial Statements

The basic financial statements include three required statements, which provide different views of the Authority. They are the *Statement of Net Position*, the *Statement of Revenues, Expenses and Changes in Net Position* and the *Statement of Cash Flows*. These statements provide current and long-term information about the Authority's financial condition and activities.

The *Statement of Net Position* includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through externally funded programs, tenant rents and other revenue sources.

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2020**

Financial Statements (Continued)

The primary purpose of the *Statement of Cash Flows* is to provide information about the Authority's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities.

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

Financial Highlights

The Authority's most significant financial highlights consist of the following:

- The Authority's net position decreased by approximately \$1.1 million during 2020 and increased by approximately \$1.2 million during 2019.
- Operating revenues increased by approximately \$10.1 million from 2019 to 2020 and were approximately \$34 million for 2020 and \$23.9 million for 2019.
- Total operating expenses for the Authority's programs increased by approximately \$11.7 million from 2019 to 2020. Total operating expenses were approximately \$35.3 million for 2020 and \$23.6 million for 2019.
- Net nonoperating income (expense), capital grants and other special items for the Authority decreased by approximately \$0.8 million from 2019 to 2020. Total net nonoperating income and capital grants was approximately \$0.2 million in income for 2020 and a \$1.0 million income for 2019. The decrease from 2019 to 2020 was from other miscellaneous income of \$170,667 and from grants.

The Authority has several programs that are consolidated into a single enterprise fund. The main programs consist of the following:

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority provides rental housing assistance subsidies in support of 2,406 housing units in 2020. The purpose of the program is to provide decent affordable housing to low- income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2020**

Net Position

The following table is a condensed summary of net position of the business-type activities of the Authority at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 11,146,591	\$ 10,614,377	\$ 532,214	5.0%
Capital assets, net	5,633,296	6,211,679	(578,383)	-9.3%
Notes receivable, net	23,356,250	22,080,500	1,275,750	5.8%
Other assets	<u>726,100</u>	<u>328,243</u>	<u>397,857</u>	<u>121.2%</u>
Total assets	40,862,237	39,234,799	1,627,438	4.1%
Deferred outflows of resources	<u>119,353</u>	<u>68,432</u>	<u>50,921</u>	<u>74.4%</u>
Total assets and deferred outflows of resources	40,981,590	39,303,231	1,678,359	4.3%
Liabilities				
Current liabilities	3,888,117	1,380,677	2,507,440	181.6%
Noncurrent liabilities	<u>1,697,575</u>	<u>1,428,546</u>	<u>269,029</u>	<u>18.8%</u>
Total liabilities	5,585,692	2,809,223	2,776,469	98.8%
Deferred inflows of resources	<u>213,696</u>	<u>203,764</u>	<u>9,932</u>	<u>4.9%</u>
Total liabilities and deferred inflows of resources	5,799,388	3,012,987	2,786,401	92.5%
Net position				
Net investment in capital assets	5,233,296	6,211,679	(978,383)	-15.8%
Restricted	274	47,076	(46,802)	-99.4%
Unrestricted	<u>29,948,632</u>	<u>30,031,489</u>	<u>(82,857)</u>	<u>-0.3%</u>
Total net position	<u>\$ 35,182,202</u>	<u>\$ 36,290,244</u>	<u>\$ (1,108,042)</u>	<u>-3.1%</u>

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2020**

Major Factors Affecting the Statement of Net Position

Total assets of the Authority as of December 31, 2020 and 2019 amounted to \$40,862,237 and \$39,234,799, respectively. Current assets primarily consist of cash and receivables and other current assets. Non-current assets primarily consist of capital assets and notes receivable. Capital assets primarily include land, buildings and improvements, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. Notes receivable primarily consist of loans made to the discretely presented component units for the sale of property at appraised values. The principal change in assets from December 31, 2019 to December 31, 2020 was due to a decrease in capital assets of \$578,383 which was offset by an increase in notes receivable of \$1,275,750 and an increase in current assets of approximately \$532,000 for an increase of \$1,600,000.

Total liabilities and deferred inflows of resources of the Authority are \$5,799,000 and \$3,012,000 as of December 31, 2020 and 2019, respectively. Current liabilities primarily include accounts payable and accrued expenses. Noncurrent liabilities primarily include the accrued pension obligation and mortgage and other notes payable, net of current portion. Current liabilities have increased by approximately \$2.5 million primarily due to the timing of construction payables and accounts payable retention in 2020. Noncurrent liabilities have increased by \$269,000, primarily due to an increase in the FSS Escrow liability and long-term debt in 2020.

Deferred outflows of resources are \$119,353 and \$68,432 as of December 31, 2020 and 2019, respectively. Deferred inflows of resources are \$213,696 and \$203,764 as of December 31, 2020 and 2019, respectively. Deferred outflows and inflows of resources are related to the pension obligation and are being amortized into pension expense over the average expected remaining service life, except for the difference between expected and actual investment earnings, which is amortized over five years.

Net position represents the Authority's equity, a portion of which is restricted for certain use. Net position is divided into three major categories. The first category, net investment in capital assets shows the Authority's equity in land, buildings and improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category, restricted, is reserved for the programs mandated by HUD. The last category, unrestricted, is available to use for any lawful and prudent purpose of the Authority. The decrease in net position is due to operating and nonoperating expense during 2020.

**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2020**

Revenues, Expenses and Changes in Net Position

The following table is a condensed summary of revenues, expenses and changes in net position for the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues				
Tenant revenue	\$ 634,355	\$ 823,454	\$ (189,099)	-23.0%
HUD PHA operating grants	14,216,228	14,028,422	187,806	1.3%
Other government grants	170,667	581,878	(411,211)	-70.7%
Fraud recovery income	14,368	23,791	(9,423)	-39.6%
Management fees	164,969	-	164,969	0.0%
Other revenue	<u>18,773,845</u>	<u>8,411,132</u>	<u>10,362,713</u>	<u>123.2%</u>
Total operating revenues	33,974,432	23,868,677	10,105,755	42.3%
Operating expenses				
Administration	2,357,986	2,185,459	172,527	7.9%
Tenant services	431,214	113,125	318,089	281.2%
Utilities	127,192	136,248	(9,056)	-6.6%
Ordinary maintenance and operations	425,942	523,352	(97,410)	-18.6%
Insurance	438,188	179,045	259,143	144.7%
Other general expenses	18,427,387	7,355,086	11,072,301	150.5%
Housing assistance payments	12,593,801	12,605,376	(11,575)	-0.1%
Depreciation expense	<u>479,400</u>	<u>525,963</u>	<u>(46,563)</u>	<u>-8.9%</u>
Total operating expenses	<u>35,281,110</u>	<u>23,623,654</u>	<u>11,657,456</u>	<u>49.3%</u>
Operating income (expense)	(1,306,678)	245,023	(1,551,701)	-633.3%
Nonoperating income (expense), net	<u>198,636</u>	<u>999,210</u>	<u>(800,574)</u>	<u>-80.1%</u>
Change in net position	<u><u>\$ (1,108,042)</u></u>	<u><u>\$ 1,244,233</u></u>	<u><u>\$ (2,352,275)</u></u>	<u><u>-189.1%</u></u>

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

During 2020, the Authority's net operating expense was approximately \$1.3 million. Net nonoperating income and other special items resulted in approximately \$200 thousand in income which primarily consisted of interest and other miscellaneous income.

During 2019, the Authority's net operating income was approximately \$200 thousand. Net nonoperating income, capital grants and other special items resulted in approximately \$1 million in income which primarily consisted of gains recognized on the sale of Advantix housing to Low-Income Tax Credit Partnership plus other miscellaneous income.

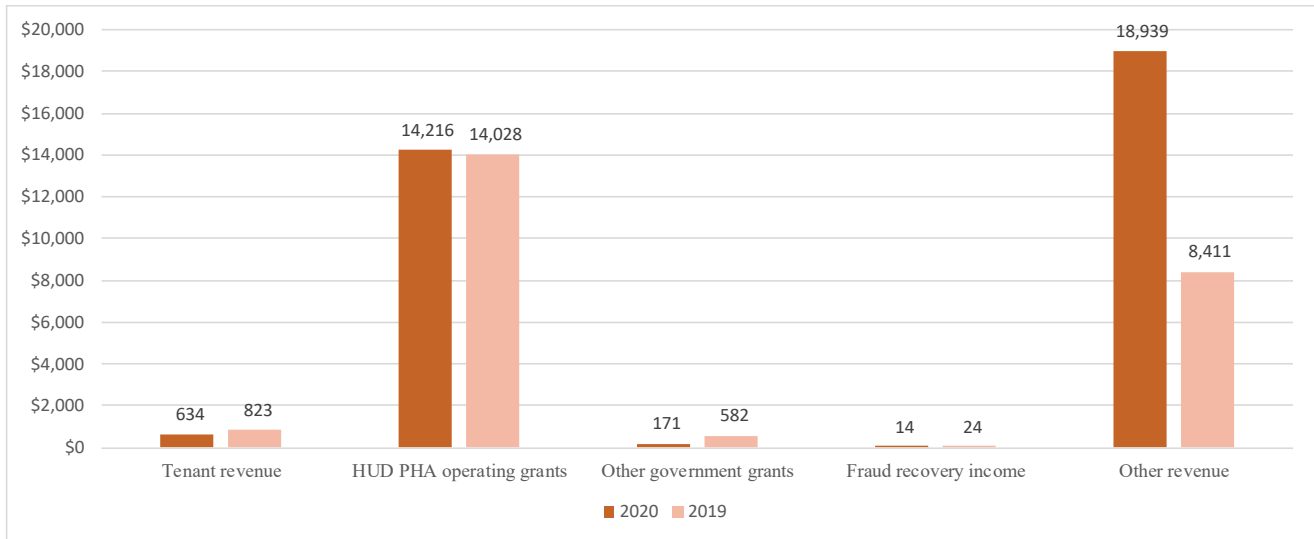
**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2020**

Revenues, Expenses and Changes in Net Position (Continued)

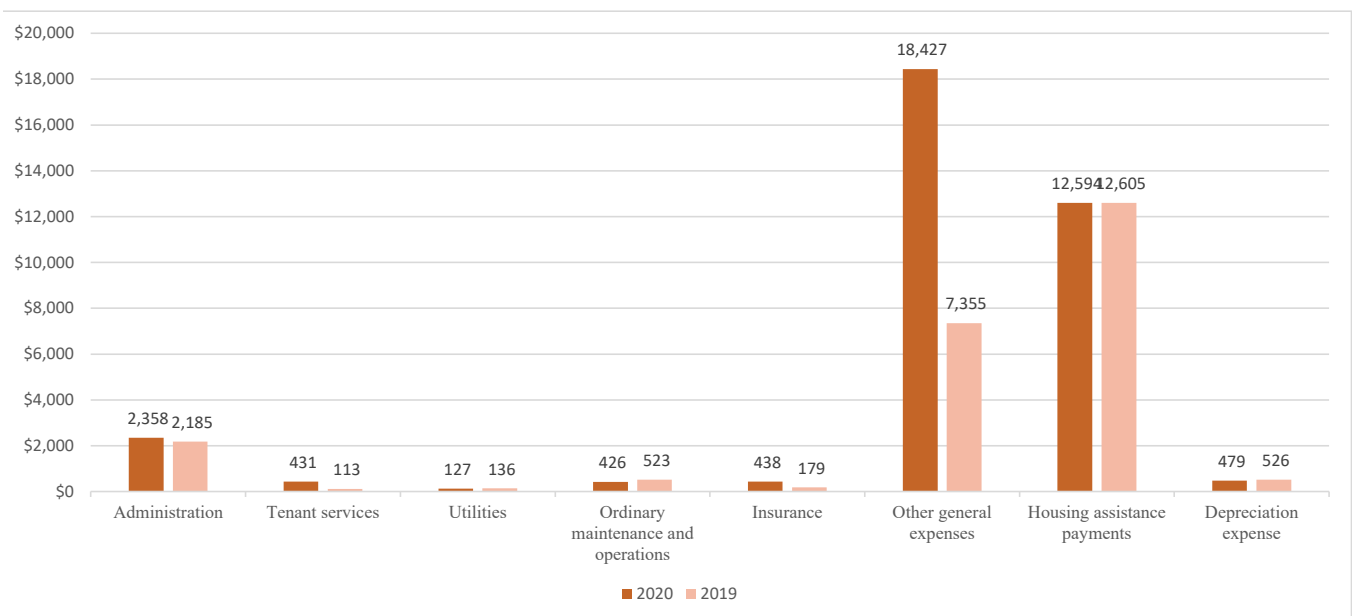
As seen in the charts below, the most important factors affecting the change in the Authority's operating income in 2020 were the increases in other revenue.

Operating revenue and expenses are shown in detail in the charts below:

Operating Revenue - 2020 and 2019 (Dollars in Thousands)



Operating Expenses - 2020 and 2019 (Dollars in Thousands)



**The Housing Authority of the City of Evansville, Indiana
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2020**

Capital Assets

As of December 31, 2020 and 2019, the Authority had approximately \$5.6 and \$6.2 million, respectively, invested in a variety of capital assets as reflected in the following table:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,246,324	\$ 1,644,281
Buildings and improvements	13,120,027	13,045,477
Furniture, equipment and machinery	1,071,027	858,514
Construction in progress	234,418	306,278
Accumulated depreciation	<u>(10,038,500)</u>	<u>(9,642,871)</u>
Capital assets, net	<u>\$ 5,633,296</u>	<u>\$ 6,211,679</u>

In 2020, the Authority had capital expenditures of approximately \$300 thousand while recognizing depreciation expense of approximately \$479 thousand.

In 2019, the Authority had capital expenditures of approximately \$1,165 thousand while recognizing depreciation expense of approximately \$526 thousand.

See Note D in the *Notes to Financial Statements* for additional disclosures regarding changes in capital assets during the year ended December 31, 2020.

Long-term Debt

Long-term debt outstanding totaled \$886 thousand and \$656 thousand at December 31, 2020 and 2019, respectively. The increase in long-term debt was due to an additional \$400,000 loan from ICHDA less regularly scheduled debt payments.

Requests of Information

This financial report is designed to provide a general overview of the Authority's finances and resources. Questions concerning any of this information should be addressed to The Housing Authority of the City of Evansville, Indiana, 500 SE Tenth Street, 47713.

Requests for full financial information of the discretely presented component units should also be addressed to The Housing Authority of the City of Evansville, Indiana, 500 SE Tenth Street, 47713.

The Housing Authority of the City of Evansville, Indiana
Statement of Net Position
December 31, 2020

	Primary government	Discretely presented component units
Current assets		
Cash and cash equivalents - unrestricted	\$ 3,387,730	\$ 806,727
Cash and cash equivalents - restricted for modernization and development	-	2,514,169
Cash and cash equivalents - other restricted	790,836	2,559,276
Cash and cash equivalents - tenant security deposits	14,995	102,932
Cash and cash equivalents - restricted for payment of current liabilities	-	171,362
Certificates of deposit	331,841	-
Accounts receivable - HUD	11,731	37,482
Accounts receivable - tenants	-	61,180
Accounts receivable - other government	391,045	-
Accounts receivable - other	4,667,911	-
Prepaid expense and other current assets	1,550,502	430,839
Total current assets	11,146,591	6,683,967
Noncurrent assets		
Capital assets, at cost, less accumulated depreciation	5,633,296	96,809,297
Notes receivable, net	23,356,250	-
Other investments	726,100	-
Other assets	-	150,466
Total noncurrent assets	29,715,646	96,959,763
Total assets	40,862,237	103,643,730
Deferred outflows of resources		
Deferred pension costs	119,353	-
Total assets and deferred outflows of resources	40,981,590	103,643,730
Current liabilities		
Accounts payable	1,717,490	4,827,752
Accounts payable - HUD	5,295	-
Tenant security deposits	14,661	100,395
Unearned revenue	215,800	20,280
Accrued compensated absences - current portion	76,297	-
Accrued wages and payroll taxes	50,035	-
Accrued expenses and other current liabilities	1,721,489	108,492
Current portion of long-term debt	87,050	3,804,565
Total current liabilities	3,888,117	8,861,484
Noncurrent liabilities		
Other liabilities	206,581	6,246,819
Accrued compensated absences, net of current portion	28,558	-
Accrued interest	-	3,865,212
Accrued pension obligation	575,959	-
Mortgage and other notes payable, net of current portion	886,477	49,127,248
Total noncurrent liabilities	1,697,575	59,239,279
Total liabilities	5,585,692	68,100,763
Deferred inflows of resources		
Deferred pension revenue	213,696	-
Total liabilities and deferred inflows of resources	5,799,388	68,100,763
Net position		
Net investment in capital assets	5,233,296	43,877,484
Restricted	274	-
Unrestricted	29,948,632	(8,334,517)
Total net position	\$ 35,182,202	\$ 35,542,967

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	Primary government	Discretely presented component units
	<u> </u>	<u> </u>
Operating revenues		
Tenant revenue	\$ 634,355	\$ 5,904,227
HUD PHA operating grants	14,216,228	-
Other government grants	170,667	-
Fraud recovery income	14,368	-
Management fees	164,969	-
Other revenue	<u>18,773,845</u>	<u>11,871,807</u>
Total operating revenues	33,974,432	17,776,034
Operating expenses		
Administration	2,357,986	1,276,903
Tenant services	431,214	-
Utilities	127,192	1,694,382
Ordinary maintenance and operations	425,942	1,309,966
Protective services	-	69,873
Insurance	438,188	404,278
Other general expenses	18,427,387	284,106
Housing assistance payments	12,593,801	-
Depreciation expense	<u>479,400</u>	<u>2,890,593</u>
Total operating expenses	<u>35,281,110</u>	<u>7,930,101</u>
Net operating loss	(1,306,678)	9,845,933
Nonoperating income (expense)		
Investment income - unrestricted	227,685	9,497
Interest expense and amortization cost	<u>(29,049)</u>	<u>(2,124,559)</u>
Total nonoperating income (expense)	<u>198,636</u>	<u>(2,115,062)</u>
Changes in net position	(1,108,042)	7,730,871
Net position, beginning of year	36,290,244	27,992,617
Prior period adjustment	<u>-</u>	<u>(180,521)</u>
Net position, end of year	<u>\$ 35,182,202</u>	<u>\$ 35,542,967</u>

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Statement of Cash Flows
Year Ended December 31, 2020

	<u>Primary government</u>
Cash flows from operating activities	
Cash received from tenants	\$ 646,267
Cash received from HUD grants	14,432,089
Cash received from other governmental grants	(141,622)
Cash received from other sources	17,262,231
Cash payments to employees for services	(1,683,353)
Cash payments for employee benefits	(360,661)
Cash payments to participants in the Housing Choice Voucher Program	(12,593,801)
Cash payments to other suppliers for goods and services	<u>(18,106,670)</u>
Net cash used by operating activities	(545,520)
Cash flows from capital and related financing activities	
Capital contribution to discretely presented component unit	100
Purchases of capital assets	(298,974)
Repayment of loan payable	(82,866)
Issuance of notes receivable	(880,000)
Payments received on notes receivable	1,768,524
Interest paid	<u>(29,049)</u>
Net cash provided by capital and related financing activities	477,735
Cash flows from investing activities	
Change in certificates of deposit	589,418
Interest received	<u>227,685</u>
Net cash provided by investing activities	<u>817,103</u>
Increase in cash	749,318
Cash and cash equivalents	
Beginning of year	<u>3,444,243</u>
End of year	<u><u>\$ 4,193,561</u></u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents - unrestricted	\$ 3,387,730
Cash and cash equivalents - other restricted	790,836
Cash and cash equivalents - tenant security deposits	<u>14,995</u>
Total cash and equivalents	<u><u>\$ 4,193,561</u></u>

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Statement of Cash Flows (Continued)
Year Ended December 31, 2020

	<u>Primary government</u>
Operating activities net operating income	\$ (1,306,678)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities	
Depreciation expense	479,400
Bad debt expense - tenant rents	8,329
Decrease (increase) in assets	
Accounts receivable - HUD	16,585
Accounts receivable - tenants	(8,329)
Accounts receivable - other government	(312,289)
Accounts receivable - other	(1,672,333)
Prepaid expenses and other current assets	(168,551)
Deferred outflows of resources	(50,921)
Increase (decrease) in liabilities	
Accounts payable	1,671,135
Accounts payable - HUD	5,295
Tenant security deposits	(2,484)
Unearned revenue	189,759
Accrued wages and payroll taxes	(51,624)
Accrued expenses and other current liabilities	677,796
Accrued compensated absences	17,563
Other liabilities	42,567
Accrued pension obligation	(90,672)
Deferred inflows of resources	9,932
	<u>9,932</u>
Net cash used by operating activities	<u>\$ (545,520)</u>
Schedule of noncash financing and investment activities	
Capital assets contributed to subsidiaries	\$ 397,957

See accompanying notes.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements
Year Ended December 31, 2020

Note A - Nature of Organization and Operations

Nature of Operations

The Housing Authority of the City of Evansville, Indiana (the "Authority" or the "Primary Government"), a governmental entity, is organized under the laws of the State of Indiana ("State") for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owned and operated 135 public housing units through October 31, 2018, at which time all public housing units were disposed of through the Rental Assistance Demonstration Program. The Authority also administers 2,323 Section 8 vouchers, under an Annual Contributions Contract ("ACC") in Evansville, Indiana.

The Authority's activities include the following program:

Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher Program, the Authority provides rental housing assistance subsidies in support of 2,323 housing units. The purpose of the program is to provide decent affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

Reporting Entity

The Housing Authority of the City of Evansville - The Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The 7-member Board of Commissioners of the Authority is appointed to 4-year staggered terms by the Mayor of the City of Evansville, but the Authority designates its own management. The City of Evansville is not financially accountable for the Authority as it cannot impose its will on the Authority, and there is no potential for the Authority to provide financial benefits to, or impose financial burdens on the City of Evansville. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Evansville.

The following entities are reported as blended component units because the Authority has financial accountability and control over their boards of directors and management.

Advantix Development Corporation ("Advantix") - The Authority established the non-profit entity, which is legally separate from the Authority. The purpose of the entity is to foster low-income housing within the State of Indiana through ownership, development, construction, property management and RAD consultation. The board consists of 8 members, all of which are Authority board members.

ADC V1505 Inc.: ADC V1505, Inc. has 1,000 shares of common stock, 490 shares are owned by Advantix Development Corporation and 510 shares are owned by the Authority. ADC V1505, Inc. is the .008% general partner in Vision 1505, L.P ("Vision LP"). Vision LP operates a 32-unit, residential supportive apartment project known as Vision 1505 located in Evansville, Indiana. Due to the limited activity in ADC V1505, Inc., all activity is incorporated into the financial information of Advantix.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note A - Nature of Organization and Operations (Continued)

Reporting Entity (Continued)

Advantix established and wholly owns the following entities:

- Lincoln Estates Redevelopment Corporation and Lincoln Estates Redevelopment Partnership, L.P.
- Corydon SSL, LLC, which is the .009% general partner in CSSL, L.P. ("CSSL")
- Evansville RAD One, LLC, which is the .01% general partner in EHA RAD I, L.P. ("RAD I") and EHA RAD II, L.P. (RAD II). RAD I owns and operates a 438-unit apartment community. RAD II owns and operates a 121-unit apartment community. RAD I and RAD II apartment communities are both located in Evansville, Indiana.
- Evansville RAD Four, LLC, which is the .01% general partner in EHA RAD IV, L.P. ("RAD IV"). RAD IV operates a 194-unit apartment community located in Evansville, Indiana.
- ET Evansville, LLC is the .01% general partner in Evansville Townhomes, L.P.
- Trailside Townhomes GP, LC is the .01% general partner in Trailside Townhomes, LP.
- SP Kokomo, LLC is the .01% general partner in Trailside Commons, L.P.
- RVV, LLC, which is the .01% general partner in River View Vincennes, L.P.

The activity of Lincoln Estates Redevelopment Partnership LP is included within Lincoln Estates Redevelopment Corporation. Activity of the remaining entities is included in the Advantix financial information in these financial statements.

RAD I, RAD II and RAD IV as well as Evansville Townhomes, L.P., Trailside Townhomes, LP., Trailside Commons, L.P. and River View Vincennes, L.P. units are rented to low-income individuals and, as a result, federal income tax credits are available to investors. The RAD I Partnership's major program is the Section 221 (d) (4) insured mortgage. The other entities have entered into a housing assistance payment contract ("HAP contract") with Evansville Housing Authority (the primary government). The contract is a rent assistance program for low-income families (or persons) as provided by the Section 8 Program of the National Housing Act.

The Authority has included, as discretely presented component units, the activity for Vision LP, RAD I, RAD II, RAD IV, CSSL, Evansville Townhomes, L.P., Trailside Townhomes, LP., Trailside Commons, L.P. and River View Vincennes, L.P. These entities are shown as discretely presented component units because the Authority, through its blended component unit, Advantix, is financially accountable for them; however, they do not have full operational responsibility for the entities. ADC V1505, Inc. (which is included as a blended component of the Authority) has a .001% general partner interest in Vision LP. Vision LP operates a 32-unit, residential supportive apartment project known as Vision 1505 located in Evansville, Indiana.

Requests for full financial information of Vision LP, RAD I, RAD II, RAD IV, CSSL, Evansville Townhomes, Trailside Townhomes, Trailside Commons and River View Vincennes (the Discretely Presented Component Units) should be addressed to The Housing Authority of the City of Evansville, Indiana, 500 SE Tenth Street, 47713.

Note B - Summary of Organization and Significant Accounting Policies

This summary of significant accounting policies of the Authority is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies are in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

1. Basis of Presentation: The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). The Authority accounts for all of its activity as a proprietary fund which includes business-type activities that are financed in whole or in part by fees charged to external parties.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note B - Summary of Organization and Significant Accounting Policies (Continued)

2. Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
3. Measurement Focus, Basis of Accounting and Financial Statement Presentation: The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.
4. Revenue and Expenses: Revenue from rentals is recorded as earned over the life of the lease, and expenses are charged against such revenue as incurred without regard to the date of receipt or payment of cash. Rental agreements generally do not exceed one year, but are renewable.

The discretely presented component units recognize net rent revenue in the period in which the rent is earned.

The Authority has entered into annual contribution contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 programs whereby the Authority pays the owner a portion of the rent, a housing assistance payment ("HAP"), on behalf of the family. Such contributions are reflected as HUD grants in the accompanying financial statements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, tenant services, utilities, maintenance, protective services, insurance, depreciation, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. This includes capital subsidies for the Capital Fund Program.

Advantix receives revenue from construction contracts. Advantix recognizes revenue using a cost-based input method, which uses actual costs incurred relative to total estimated contract costs to determine, as a percentage, progress toward contract completion. Contract assets reflected on the balance sheet include costs and estimated earnings in excess of billings on uncompleted contracts. Contract liabilities consist of billings in excess of costs and estimated earnings on uncompleted contracts.

In applying the cost-based input method of revenue recognition, the Company uses actual costs incurred relative to the total estimated costs to determine progress towards contract completion and to calculate the corresponding amount of revenue and gross profit to recognize. Costs incurred towards contract completion include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Provisions for losses accrued as of December 31, 2020 were \$246,716.

5. Cash and Cash Equivalents: The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are stated at fair value.
6. Investments: Investments consist of certificates of deposit and are stated at cost, which approximates fair value given the nature of the investments.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note B - Summary of Organization and Significant Accounting Policies (Continued)

7. Other Investments: Other investments represent general partner equity contributions by certain subsidiaries of Advantix related to certain discretely presented component units.
8. Allowance for Doubtful Accounts: The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. For the year ended December 31, 2020, management has determined the allowance for doubtful accounts to be \$21,250 for notes receivable and \$3,439,550 for accrued interest receivable.
9. Capital Assets: Capital assets are recorded at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments are capitalized. The Authority capitalizes capital asset purchases over \$5,000. Gain or loss on retirements and disposition of assets is credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts. Capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10 - 39 years
Furniture, equipment and machinery	5 - 7 years

The Authority evaluates prominent events or changes in circumstances affecting capital assets to determine when impairment of a capital asset has occurred. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage are generally measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off.

10. Deferred Outflows of Resources: The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section on the Statement of Net Position.
11. Deferred Inflows of Resources: The Authority reports increases in net position that relate to future periods as deferred inflows of resources in a separate section on the Statement of Net Position.
12. Pension Plan: The employees of the Authority participate in the Indiana Public Retirement System ("INPRS"). The Authority recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense.
13. Compensated Absences: Compensated absences are those for which employees will be paid, such as vacation. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside of 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.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note B - Summary of Organization and Significant Accounting Policies (Continued)

14. Net Position: The Authority classifies net position for accounting and financial reporting purposes in the following net position categories:
- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".
15. Use of Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.
16. Primary Government Income Taxes: Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170(c)(1) of the Internal Revenue Code of 1986, as amended.
17. Discretely Presented Component Unit's Income Taxes: No provision for federal or state income taxes has been made in the Discretely Presented Component Unit's financial statements as the federal and state income tax effect on the Discretely Presented Component Unit's activities accrues to its partners.
18. Discretely Presented Component Units - Capital Contributions: Vision LP's limited partner made capital contributions totaling \$7,155,588 at various times, as specified in the partnership agreement. As of December 31, 2020, all investor limited partner contributions have been received. The general partner is required to contribute \$100 in capital contributions to the partnership; as of December 31, 2020, all required capital contributions have been received. The special limited partners A and B are to make capital contribution of \$100 each, of which \$100 is outstanding at December 31, 2020.

RAD I's investor limited partner is required to make capital contributions totaling \$11,252,915 at various times, as specified in the partnership agreement. As of December 31, 2020, all investor limited partner contributions have been received. RAD I's administrative limited partner and general partner each made capital contributions of \$100, as required by the partnership agreement.

RAD II's investor limited partner is required to make capital contributions totaling \$3,799,479 at various times, as specified in the partnership agreement. As of December 31, 2020, all investor limited partner contributions have been received. RAD II's general partner and administrative limited partner each made capital contributions of \$100, as required by the partnership agreement.

RAD IV's investor limited partner is required to make capital contributions totaling \$6,387,689 at various times, as specified in the partnership agreement. The total contribution was reduced \$29,486 in 2020 based upon the timing of lease-up and other factors. As of December 31, 2020, all capital contributions have been received. RAD IV's general partner and administrative limited partner each made capital contributions of \$100, as required by the partnership agreement.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note B - Summary of Organization and Significant Accounting Policies (Continued)

18. Discretely Presented Component Units - Capital Contributions (Continued): CSSL's investor limited partner is required to make capital contributions totaling \$9,549,000 at various times, as specified in the partnership agreement. The total contribution was subject to adjustment based upon the timing of lease-up and other factors. The investor limited partner made a determination that due to changes in the tax code, a supplemental capital contribution was to be made in the amount of \$24,000. Additionally, an upward credit adjuster of \$105,000 was determined as a result of credit delivery. All investor limited partner contributions have been made as of December 31, 2020. The general partner has made an initial capital contribution of \$100, as required by the partnership agreement.

Evansville Townhomes' general partner has made a capital contribution of \$147,143, which was required by the partnership agreement. The limited partner is to make capital contributions totaling \$8,800,000 as specified in the partnership agreement. The total contribution is subject to adjustment based on the timing of lease-up and other factors. The limited partner had contributions payable of \$7,040,000 at December 31, 2020.

Trailside Townhomes' general partner has made a capital contribution of \$105,000 as specified in the partnership agreement. The limited partner is to make capital contributions totaling \$6,422,000 as specified in the partnership agreement. The total contribution is subject to adjustment based upon the timing of lease-up and other factors. The limited partner had contributions payable of \$1,284,400 at December 31, 2020.

Trailside Commons' general partner was required to make a capital contribution of \$76,000 which has been paid. The limited partner is required to make capital contributions totaling \$6,246,000 as specified in the partnership agreement. The total contribution is subject to adjustment based upon the timing of lease-up and other factors. The limited partner had contributions payable of \$4,996,800 at December 31, 2020.

River View Vincennes' general partner has made a capital contribution of \$396,957 as specified in the partnership agreement. The limited partner is to make capital contributions totaling \$6,387,000 as specified in the partnership agreement. The total contribution is subject to adjustment based upon the timing of lease-up and other factors. The limited partner had contributions payable of \$5,109,600 at December 31, 2020.

Discretely presented net position attributable to third party investors is 99.99% in total.

19. Syndication Costs: Syndication costs represent costs associated with capital contributions and have been netted within net position for the discretely presented component unit column.
20. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available for issuance. See Note N.

Note C - Cash, Cash Equivalents, and Investments

During the year ended December 31, 2020, the Authority held cash, cash equivalents and investments with several financial institutions. In accordance with GASB Statement No. 40 "Deposits and Investment Risk Disclosures," information related to cash, cash equivalents and investments is as follows:

1. Custodial Credit Risk: Custodial credit risk is the risk that the Authority will not be able to recover the value of its deposits that are in the possession of an outside party if the counterparty fails. Cash is exposed to risk if it is not covered by depository insurance in the pledging financial institution. The Federal Deposit Insurance Corporation ("FDIC") generally insures deposits up to \$250,000 per bank. In addition, the State of Indiana's Public Deposit Insurance Fund ("PDIF") insures public funds deposited in approved financial institutions which exceed the limits of coverage provided by any federal deposit insurance. At December 31, 2020, all of the Authority's cash was insured by FDIC or PDIF.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note C - Cash, Cash Equivalents, and Investments (Continued)

2. Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Authority's investment policy limits investments to provide the optimum return on the investment consistent with the cash management program of the Authority.

Investments are made based upon prevailing market conditions at the time of the transaction. The Authority reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority.

3. Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. The Authority's investment policy requires investments to be made in accordance with HUD Financial Handbook, 7475.1 Chapter 4.
4. Concentration of Credit Risk: The Authority's investment policy does not limit the amount it may invest with one financial institution as long as all funds are secured by the FDIC or identifiable United States government securities.
5. Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or deposit. All of the Authority's deposits and investments are denominated in United States currency.

The carrying value of cash and cash equivalents owned at December 31, 2020, was \$4,193,561. The bank balance of cash and cash equivalents owned at December 31, 2020, was \$4,948,039.

Investments are carried at fair value. The financial statements reflect the accounting standard related to fair value measurements, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

The standard defines levels with the hierarchy of inputs as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Authority's investments consist of certificates of deposit which are valued at the face amount plus any interest accrued. Fair values of the Authority's investments at December 31, 2020, are as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	<u>\$ 331,841</u>	<u>\$ 331,841</u>	<u>\$ -</u>	<u>\$ -</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note C - Cash, Cash Equivalents, and Investments (Continued)

Discretely Presented Component Unit Deposits

As of December 31, 2020, the carrying value of cash and cash equivalents held by the discretely presented component units was \$6,154,466. At times, the bank balances held with financial institutions may exceed federally insured limits. However, there have been no losses in such accounts and management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Regulations of HUD require that security deposits be segregated from cash. Accordingly, the discretely presented component units hold all security deposits in a separate account. At December 31, 2020, amounts held for security deposits totaled \$102,932. Regulations of HUD also require that deposits for modernization and development activities be classified as restricted. As of December 31, 2020, deposits for development related obligations totaled \$2,514,169.

Pursuant to various agreements, the discretely presented component units must hold amounts in reserves for restricted use. The following is a summary of activity in the reserve accounts for the year ended December 31, 2020:

	Operating reserve	Expense coverage reserve	Subsidy reserve	Replacement reserve	Bond service reserve	Latent defect escrow	Mortgage escrow reserve	Total
Balance - January 1, 2020	\$ 1,621,745	\$ 99,872	\$ 250,893	\$ 462,107	\$ -	\$ 778,020	\$ 104,466	\$ 3,317,103
Additions	9,678	45	119	261,387	-	19,142	6,556	296,927
Withdrawals	-	-	-	(146,570)	-	(736,822)	-	(883,392)
Balance - December 31, 2020	<u>\$ 1,631,423</u>	<u>\$ 99,917</u>	<u>\$ 251,012</u>	<u>\$ 576,924</u>	<u>\$ -</u>	<u>\$ 60,340</u>	<u>\$ 111,022</u>	<u>\$ 2,730,638</u>

These restricted reserves are included on the statement of net position as restricted for payment of current liabilities and other restricted.

Note D - Capital Assets

The following is a summary of changes in the capital assets of the primary government for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Disposals	Transfers	Balance December 31, 2020
Land	\$ 1,644,281	\$ -	\$ -	\$ (397,957)	\$ 1,246,324
Buildings and improvements	13,045,477	-	(83,771)	158,321	13,120,027
Furniture, equipment and machinery	858,514	287,780	-	(75,267)	1,071,027
Construction in progress	306,278	11,194	-	(83,054)	234,418
	15,854,550	298,974	(83,771)	(397,957)	15,671,796
Accumulated depreciation	<u>(9,642,871)</u>	<u>(479,400)</u>	<u>83,771</u>	<u>-</u>	<u>(10,038,500)</u>
Total capital assets	<u>\$ 6,211,679</u>	<u>\$ (180,426)</u>	<u>\$ -</u>	<u>\$ (397,957)</u>	<u>\$ 5,633,296</u>

Total depreciation expense for the year ended December 31, 2020 was \$479,400.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note D - Capital Assets (Continued)

The following is a summary of changes in the capital assets of the discretely presented component units for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Disposals	Transfers	Balance December 31, 2020
Land	\$ 1,766,600	\$ 500,157	\$ -	\$ -	\$ 2,266,757
Buildings and improvements	70,586,205	8,053,008	-	6,656,701	85,295,914
Furniture, equipment and machinery	3,276,112	2,585,312	-	-	5,861,424
Construction in progress	8,767,535	9,781,561	-	(6,656,701)	11,892,395
	84,396,452	20,920,038	-	-	105,316,490
Accumulated depreciation	(5,616,600)	(2,890,593)	-	-	(8,507,193)
Total capital assets	<u>\$ 78,779,852</u>	<u>\$ 18,029,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,809,297</u>

Note E - Notes Receivable

Notes receivable, including related accrued interest, for the primary government consisted of the following as of December 31, 2020:

EHA RAD I, L.P. - sellers note receivable	\$ 6,690,000
EHA RAD I, L.P. - ADC note receivable	800,000
EHA RAD I, L.P. - note receivable	3,250,000
EHA RAD II, L.P. - note receivable	3,400,000
EHA RAD IV, L.P. - note receivable	6,890,000
Memorial Community Development Corporation	42,500
Trailside Townhomes - note receivable	25,000
Evansville Townhomes - note receivable	1,000,000
Trailside Commons, L.P. - note receivable	295,000
Trailside Commons, LP. - note receivable	400,000
River View Vincennes, L.P. - AHP note receivable	500,000
River View Vincennes, L.P. - sponsor note receivable	85,000
	<u>23,377,500</u>
Total notes receivable	23,377,500
Less allowance for doubtful accounts	(21,250)
Less current portion	<u>-</u>
Notes receivable - less current portion	<u>\$ 23,356,250</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note E - Notes Receivable (Continued)

EHA RAD I, L.P. - Sellers Note Receivable - On May 1, 2016, the Authority sold 4 public housing properties consisting of a combined 438 units, to EHA RAD I, L.P. Permanent financing was provided by the Authority under a loan commitment of \$6,690,000. The loan is secured by a 5th mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing February 1, 2018. At December 31, 2020 an allowance has been provided for accrued interest totaling \$1,170,750. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD I, L.P. - ADC Note Receivable - On May 1, 2016, the Authority sold 4 public housing properties consisting of a combined 438 units, to EHA RAD I, L.P. Permanent financing was provided by the Authority under a loan commitment of \$800,000. The loan is secured by a 4th mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing February 1, 2018. At December 31, 2020 an allowance has been provided for accrued interest totaling \$140,000. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD I, L.P. - Note Receivable - On May 1, 2016, the Authority sold 4 public housing properties consisting of a combined 438 units, to EHA RAD I, L.P. Permanent financing was provided by the Authority under a loan commitment of \$3,250,000. The loan is secured by a 6th mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing February 1, 2018. At December 31, 2020 an allowance has been provided for accrued interest totaling \$568,750. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD II, L.P. - Note Receivable - On May 1, 2016, the Authority sold public housing property consisting of 129 units, to EHA RAD II, L.P. Permanent financing was provided by the Authority under a loan commitment of \$3,400,000. The loan is secured by a 3rd mortgage and a security agreement against the property. Interest began accruing at an annual rate of 6% commencing July 1, 2017. At December 31, 2020 an allowance has been provided for accrued interest totaling \$714,000. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2058.

EHA RAD IV, L.P. - Note Receivable - On December 22, 2017, the Authority sold public housing properties consisting of 194 units, to EHA RAD IV, L.P. Permanent financing was provided by the Authority under a loan commitment of \$6,890,000. The loan is secured by a 1st mortgage and a security agreement against the property. Interest accrues at an annual rate of 6% commencing February 1, 2019. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2059. Accrued interest at December 31, 2020 totaled \$836,854 and is fully reserved.

Memorial Community Development Corporation - Note Receivable - On August 18, 2015, the Authority issued an \$85,000 note receivable to the Memorial Community Development Corporation ("MCDC"). The note is between Advantix and MCDC for \$85,000 interest free, to be repaid over a 10-year time period until maturity on August 1, 2025. The loan is to be repaid in the form of student sponsorships through the Youth Build Program. For each \$531.25 student sponsorship, Advantix will forgive \$531.25 of the note and credit the note for an additional \$531.25 cash payment, as required by the promissory note. As of December 31, 2020, the balance of the note receivable was \$42,500. No portion of the note is classified as current at December 31, 2020, because payments due during 2021 were paid during the year ended December 31, 2020.

Trailside Townhomes, L.P. - Note Receivable - On February 26, 2019, the Authority issued a note receivable to Trailside Townhomes, L.P. in the amount of \$25,000. The note is between Advantix and Trailside Townhomes, L.P. Interest is to accrue at 6% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2049. Accrued interest on the note is \$3,000 at December 31, 2020 and is fully reserved.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note E - Notes Receivable (Continued)

Evansville Townhomes, L.P. - Note Receivable - On December 31, 2019, the Authority issued a \$1,000,000 note receivable to Evansville Townhomes, L.P. The note is between Advantix and Evansville Townhomes, L.P. Interest is to accrue at 7% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2049.

Trailside Commons, L.P. - Note Receivable - On December 19, 2019, the Authority issued a \$295,000 note receivable to Trailside Commons, L.P. The note is between Advantix and Trailside Commons, L.P. Interest is to accrue at 6% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2049.

Trailside Commons, L.P. - Note Receivable - Advantix received funds from IHCDA under the National Housing Trust Fund in the amount of \$400,000, which it in turned loaned to Trailside Commons, L.P. as evidenced through a promissory note dated December 19, 2019. Interest is to accrue 6% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2049.

River View Vincennes, L.P. - Affordable Housing Program Note Receivable - On February 25, 2020, the Authority issued a \$500,000 note receivable to River View Vincennes, L.P. The note is between Advantix and River View Vincennes, L.P. Interest is to accrue at 2.15% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2050.

River View Vincennes, L.P. - Sponsor Note Receivable - On February 25, 2020, the Authority issued a \$85,000 note receivable to River View Vincennes, L.P. The note is between Advantix and River View Vincennes, L.P. Interest is to accrue at 6% per annum. Payments of principal and interest are to be made based on available cash flow, as defined. The note matures December 31, 2050.

Note F - Uncompleted Contracts

Costs and estimated earnings on uncompleted Advantix construction contracts at December 31, 2020 are as follows:

Costs incurred on uncompleted contracts	\$ 23,594,448
Estimated loss	<u>(1,159,415)</u>
	22,435,033
Less billings to date	<u>23,744,191</u>
	<u>\$ (1,309,158)</u>
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ -
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(1,309,158)</u>
	<u>\$ (1,309,158)</u>

Billings in excess of costs and estimated earnings are included in accrued expenses and other current liabilities on the Statement of Net Position.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note G - Compensated Absences

Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave is not vested and is not paid to an employee upon separation. Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. Sick leave is recorded as an expense as the employee utilizes it. A liability has been recorded for compensated absences totaling \$104,855 at December 31, 2020, of which \$76,297 is considered current.

Note H - Long-term Debt and Other Long-term Obligations

Primary Government

On November 23, 2011, the Authority entered into a financing agreement to purchase energy efficient equipment for \$1,079,391. This equipment was sold to EHA RAD IV, L.P. during the year ending December 31, 2017, but the note payable remains on the Authority's books. Effective July 15, 2012, the Authority began making monthly payments of \$7,533, which include principal and interest. The loan bears interest at 4.70% annually and matures on November 15, 2026. As of December 31, 2020, the balance of the loan was \$573,527, of which \$87,050 is considered current.

On November 15, 2018, Advantix entered into an agreement with the Indiana Housing and Community Development Authority ("IHCDA") whereby Advantix was awarded \$400,000 from the Housing Trust Fund Program for the purpose of providing a loan to Trailside Commons, L.P. No funds were advanced until December 2019. This agreement remains in effect through the compliance period as set forth in 24 CFR 93.302(d), December 31, 2049, of Trailside Commons, L.P. at which time the loan will be considered forgiven. No principal or interest is due until such time as the compliance period ends, or the project is not deemed to be out of compliance.

Debt service requirements of the Primary Government as of December 31, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>
Payable in		
2021	\$ 87,050	\$ 25,477
2022	91,539	21,282
2023	95,936	16,886
2024	100,543	12,279
2025	105,372	7,450
Thereafter	<u>493,087</u>	<u>2,390</u>
Total requirements	<u>\$ 973,527</u>	<u>\$ 85,764</u>

A summary of changes in long-term debt and other long-term obligations of the primary government for the year ended December 31, 2020 is presented below:

	Balance at December 31, 2019 (restated)	Additions/ transfers	Retirements	Balance at December 31, 2020	Due within one year
Other liabilities - noncurrent	\$ 164,014	\$ 42,567	\$ -	\$ 206,581	\$ -
IHCDA loan	400,000	-	-	400,000	-
Accrued compensated absences	87,292	17,563	-	104,855	76,297
Loan payable to bank	<u>656,393</u>	<u>-</u>	<u>(82,866)</u>	<u>573,527</u>	<u>87,050</u>
Total long-term obligations	<u>\$ 1,307,699</u>	<u>\$ 60,130</u>	<u>\$ (82,866)</u>	<u>\$ 1,284,963</u>	<u>\$ 163,347</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note H - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units

Vision LP

In October 2011, Vision LP obtained a loan from the Indiana Housing and Community Development Authority (IHCDA), in the amount of \$500,000. The loan originally bore interest at 3% and required annual payments of \$25,510 beginning on September 1, 2014. However, the loan converted and was amended on December 18, 2014, prior to any required principal payments. Interest accrues at 4.167% per annum with an annual principal and interest payment of the lesser of \$29,504 or 100% of net cash flow, as defined. The loan matures on January 1, 2030. The loan is secured by a mortgage on certain real estate. At December 31, 2020, the note had an outstanding balance of \$500,000.

EHA RAD I, LP

On May 1, 2016, RAD I obtained a loan from Merchants Capital Corp. (formally P/R Mortgage & Investment, Corp) in the amount of \$5,022,700. The loan bears an annual interest rate of 3.65%. The loan requires monthly interest only through December 1, 2017. Monthly payments of \$19,912 began September 1, 2018. The note matures on December 1, 2057. The loan is secured by a mortgage, security agreement, and assignment of rents and is insured by HUD under Section 221(d)4 of the National Housing Act. The note is subject to a prepayment penalty of 10% in 2017, decreasing by 1% each year thereafter. As of December 31, 2020, the note had an outstanding balance of \$4,846,663.

On May 1, 2016, RAD I obtained two loans from Indiana Housing and Community Development Authority in the amount of \$500,000 each for a total of \$1,000,000. The notes bear an annual interest rate of 3% and a maturity date of November 30, 2058. Annual payments for each loan in the amount of \$21,631 are to be made subject to surplus cash as defined by HUD. The loans stipulate payments are to be no greater than 75% of available surplus cash as defined by the regulatory agreement. The loans are secured by a mortgage, security agreement, and assignment of rents. No surplus cash was available for payments in 2020. As of December 31, 2020, the notes had an outstanding balance of \$1,000,000.

On May 1, 2016, RAD I obtained a loan from The Housing Authority of the City of Evansville in the amount of \$800,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. Payments are to be made annually commencing February 1, 2018 from surplus cash as defined by the regulatory agreement, but in no event greater than 75% of the total amount of surplus cash. No surplus cash was available for payments in 2019. The loan is secured by a mortgage, security agreement, and assignment of rents. As of December 31, 2020, \$800,000 remains outstanding.

On May 1, 2016, RAD I obtained a loan from The Housing Authority of the City of Evansville in the amount of \$6,690,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. Payments are to be made annually commencing February 1, 2018 from surplus cash as defined by the regulatory agreement, but in no event greater than 75% of the total amount of surplus cash. The loan is secured by a security instrument. As of December 31, 2020, \$6,690,000 remains outstanding. No surplus cash was available for payments in 2020.

On May 1, 2016, RAD I obtained a loan from The Housing Authority of the City of Evansville in the amount of \$3,250,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. Payments are to be made annually commencing February 1, 2018 from surplus cash as defined by the regulatory agreement, but in no event greater than 75% of the total amount of surplus cash. No cash was available for payments in 2020. The loan is secured by a mortgage, security agreement, and assignment of rents. As of December 31, 2020, \$3,250,000 remains outstanding.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note H - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

EHA RAD II, LP

On May 1, 2016, RAD II obtained a loan from HUD through Merchants Capital Corp. (formally P/R Mortgage & Investment, Corp) in the amount of \$2,319,400. The loan bears an annual interest rate of 3.65%. The loan requires monthly interest only payments through August 1, 2017. Monthly principal and interest payments of \$9,195 begin September 1, 2017. The note matures on August 1, 2057. The loan is secured by a mortgage, security agreement, and assignment of rents and is insured by HUD under Section 221(d)4 of the National Housing Act. The note is subject to a prepayment penalty of 10% in 2017, decreasing by 1% each year thereafter. As of December 31, 2020, \$2,228,515 outstanding.

On May 31, 2016, RAD II obtained a loan from Indiana Housing and Community Development Authority in the amount of \$500,000. The note bears an annual interest rate of 3% and a maturity date of November 30, 2058. The loan stipulates payments are to be made only from 75% of available surplus cash as defined by the regulatory agreement. The loan is secured by a mortgage, security agreement, and assignment of rents. No payments are due until maturity. As of December 31, 2020, \$500,000 remains outstanding. No surplus cash was available for payment in 2020.

In May 2016, RAD II obtained a loan from The Housing Authority of the City of Evansville in the amount of \$3,400,000. The note bears an annual interest rate of 6% and a maturity date of February 1, 2058. The loan stipulates payments are to be made only from 75% of available surplus cash as defined by the regulatory agreement. No payments are due until maturity. The loan is secured by a security instrument. As of December 31, 2020, \$3,400,000 remains outstanding.

EHA RAD IV, LP

On December 22, 2017, RAD IV obtained a surplus cash loan from The Housing Authority of the City of Evansville in the amount of \$6,890,000. The note bears interest at an annual interest rate of 6%. The entire principal balance, as well as accrued and unpaid interest, is due and payable on February 1, 2059. The loan stipulates payments are to be made only from 75% of available surplus cash as defined by the regulatory agreement. The loan is secured by a mortgage and a security agreement against the property. As of December 31, 2020, \$6,890,000 remains outstanding.

On December 1, 2017, RAD IV obtained a loan through Merchants Capital Corp. (Formerly P/R Mortgage & Investment Corp) in the amount of \$4,100,000. The loan bears an annual interest rate of 3.77%. The loan requires monthly interest only payments through May 1, 2019. Monthly principal and interest payments of \$17,135 began June 1, 2019. The note matures on June 1, 2059. The loan is secured by a mortgage, security agreement and assignment of rents and is insured by HUD under Section 221(d)4 of the National Housing Act. The note is subject to a prepayment penalty of 10% in 2019, decreasing by 1% each year thereafter. The outstanding balance on the loan at December 31, 2020 is \$4,032,092.

On December 22, 2017, RAD IV obtained a loan from the Housing Authority of the City of Evansville (Bridge loan) in the amount of \$2,000,000. The note bore an annual interest rate of 6%. The loan matured ten days after the payment of the limited partner's fourth equity installment. All outstanding principal and interest due were due at maturity. During the year ended December 31, 2020, the loan was repaid in full.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note H - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

EHA RAD IV, LP (Continued)

On December 22, 2017, RAD IV obtained a Development Fund loan from IHCDA in the amount of \$727,476. The note bears an annual interest rate of 3% and a maturity date of December 31, 2058. The loan is to convert to a permanent loan no later than December 31, 2019. Commencing on the first day of the twelfth month following conversion, annual payments for the loan in the amount of \$31,472 are to be made subject to surplus cash as defined by HUD. The loan stipulates payments are to be no greater than 75% of available surplus cash as defined by the regulatory agreement. The loan is secured by a mortgage, security agreement, and assignment of rents. The outstanding balance on the loan at December 31, 2020 is \$727,476.

CSSL

On December 28, 2017, CSSL obtained a construction loan in the amount of \$6,250,000 from Merchants Bank of Indiana for construction. Interest was to accrue at the 30-day LIBOR plus 2.65% per annum. Payments of interest were due monthly, with the entire principal balance due June 1, 2020. The loan was secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The loan was repaid in full in April 2020 with proceeds from investor limited partner contributions.

On December 28, 2017, CSSL obtained a HOME loan from IHCDA in the amount of \$400,000 that bears interest at 3% per annum. The loan was secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The outstanding balance on the loan at December 31, 2020 is \$400,000.

On December 28, 2017, CSSL obtained a Development Fund loan from IHCDA in the amount of \$500,000 that bears interest at 3% per annum with annual payments to be made from available cash flow. The loan is secured by a mortgage and assignments of rents and leases. The outstanding balance on the loan at December 31, 2020 is \$500,000.

Evansville Townhomes

On December 30, 2019, Evansville Townhomes obtained a promissory note from Advantix Development Corporation in the amount of \$1,000,000. Interest is to accrue 7% per annum. Payments of principal and interest are to be made based on available cash flow. The note matures December 31, 2049. The outstanding balance on the loan at December 31, 2020 is \$1,000,000.

On December 30, 2019, Evansville Townhomes obtained a loan in the amount of \$6,300,000 from Merchants Bank of Indiana for construction. Interest is to accrue at the 30-day LIBOR plus 2.50% per annum (2.66% at December 31, 2020). Payments of interest are due monthly, with the entire principal balance due January 1, 2023. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The outstanding balance on the loan at December 31, 2020 is \$5,129,675.

On December 30, 2019, IHCDA made a loan of \$500,000 of Affordable Housing and Community Development Fund monies available through a convertible promissory note. Interest is to accrue at 3% per annum until conversion, at which time accrued interest is due and payable. The note matures December 31, 2021 at which the note may be converted to a 15-year term loan. Any accrued interest is due at the time of conversion. Commencing on the twelfth month following conversion, annual payments of principal and interest of the \$25,510 are required. The note is secured by a mortgage on certain real estate and an assignment of rents and leases. No funds were drawn on the loan as of December 31, 2020.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note H - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

Trailside Townhomes

On February 26, 2019, Trailside Townhomes obtained a construction loan in the amount of \$5,100,000 from Merchants Bank of Indiana that bears interest at 30-day LIBOR plus 2.50% per annum (2.65% at December 31, 2020). Payments are due monthly, with the entire principal balance due August 1, 2021 at which time the loan may be converted to a permanent mortgage of up to \$900,000 with interest at the rate of 6.25%. The permanent loan will mature 180 months from date of conversion. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The outstanding balance on the loan at December 31, 2020 is \$1,467,538.

On February 26, 2019, Trailside Townhomes obtained a HOME loan from IHCDA in the amount of \$400,000 that bears interest at 3% per annum. The note matures February 28, 2021, at which time the note may be converted to a 30-year term loan. Any accrued interest is due at the time of conversion. The loan is secured by a mortgage on certain real estate and an assignment of rents and leases. The outstanding balance of the loan as of December 31, 2020 is \$395,000.

IHCDA also made \$500,000 of Affordable Housing and Community Development Fund monies available through a convertible promissory note dated February 26, 2019. Interest is to accrue at the rate of 3% per annum until the conversion date, at which time interest is due and payable. The loan matures February 28, 2021, at which time the note may be converted to a 15-year term loan. The note is secured by a mortgage on certain real estate and assignment of rents and leases. The note has not yet been converted.

On February 26, 2019, Trailside Townhomes obtained a promissory note from Advantix Development Corporation in the amount of \$25,000 that bears interest at 6% per annum. The note matures December 31, 2049. Payments of principal and interest are to be made based on the financial performance of the Partnership. The outstanding balance on the loan at December 31, 2020 is \$25,000.

Trailside Commons

On December 19, 2019, Trailside Commons obtained a loan in the amount of \$4,500,000 from Merchants Bank of Indiana for construction. Interest is to accrue at the 30-day LIBOR plus 2.50% per annum (2.65% at December 31, 2020). The note matures on July 10, 2022. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The outstanding balance on the loan at December 31, 2020 is \$2,290,833.

On December 19, 2019, Trailside Commons obtained a HOME loan from IHCDA in the amount of \$400,000 that bears interest at 3% per annum until conversion. The note matures December 31, 2021, at which time the note may be converted to a 30-year term loan. Any accrued interest is due at the time of conversion. The loan is secured by a mortgage on certain real estate and an assignment of rents and leases. The outstanding balance of the loan as of December 31, 2020 is \$395,000.

On December 19, 2019, Trailside Commons obtained a promissory note from Advantix Development Corporation in the amount of \$295,000 that bears interest at 6% per annum. The note matures December 31, 2049. Payments of principal and interest are to be made based on the financial performance of the Partnership. The outstanding balance on the loan at December 31, 2020 is \$295,000.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note H - Long-term Debt and Other Long-term Obligations (Continued)

Discretely Presented Component Units (Continued)

Trailside Commons (Continued)

On December 19, 2019, Trailside Commons obtained a promissory note from Advantix Development Corporation under the National Housing Trust in the amount of \$400,000 that bears interest at 6% per annum. The note matures December 31, 2049. Payments of principal and interest are to be made based on the financial performance of the Partnership. The outstanding balance on the loan at December 31, 2020 is \$400,000.

River View Vincennes

On February 25, 2020, River View Vincennes obtained a loan in the amount of \$5,910,000 from Merchants Bank of Indiana for construction. Interest is to accrue at the 30-day LIBOR plus 2.50% per annum (2.65% at December 31, 2020). The note matures on August 10, 2022, at which time the loan may be converted to a permanent mortgage of up to \$265,000 with interest at the rate of 6.25%. The permanent loan will mature August 10, 2037, at which time the remaining balance must be paid in full. The loan is secured by a mortgage on certain real estate and other assets and an assignment of rents and leases. The outstanding balance on the loan at December 31, 2020 is \$4,289,021.

On February 25, 2020, River View Vincennes obtained a HOME loan from IHCDA in the amount of \$400,000 that bears interest at 1% per annum until conversion. The note matures February 28, 2022, at which time the note may be converted to a 30-year term loan. Any accrued interest is due at the time of conversion. The loan is secured by a mortgage on certain real estate and an assignment of rents and leases. The outstanding balance of the loan as of December 31, 2020 is \$395,000.

On February 25, 2020, River View Vincennes obtained a promissory note from Advantix Development Corporation in the amount of \$500,000 of Affordable Housing Program ("AHP") funds that bears interest at 2.15% per annum. The note matures December 31, 2050. No payments of principal or interest are due until maturity. The outstanding balance on the loan at December 31, 2020 is \$500,000.

On February 25, 2020, River View Vincennes obtained a promissory note from Advantix Development Corporation in the amount of \$85,000 that bears interest at 2.15% per annum. The note is a sponsor loan which matures December 31, 2050. Payments of principal and interest are to be made based on the financial performance of the Partnership. The outstanding balance on the loan at December 31, 2020 is \$85,000.

Debt service requirements of the discretely presented component units as of December 31, 2020 are estimated as follows based on annual net cash flow:

	<u>Principal</u>
Payable in	
2021	\$ 3,804,565
2022	7,127,406
2023	5,287,959
2024	164,232
2025	170,403
Thereafter	<u>36,377,248</u>
Total requirements	<u>\$ 52,931,813</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note H - Long-term Debt and Other Long-term Obligations (Continued)

A summary of changes in long-term debt and other long-term obligations of the discretely presented component units for the year ended December 31, 2020 is presented below:

Discrete Component Units

	Balance at December 31, 2019	Additions/ transfers	Retirements	Balance at December 31, 2020	Due within one year
Other liabilities - noncurrent	\$ 5,548,531	\$ 1,674,974	\$ (976,686)	\$ 6,246,819	\$ -
Long-term debt	45,962,733	14,280,279	(7,311,199)	52,931,813	3,804,565
Total long-term obligations	<u>\$ 51,511,264</u>	<u>\$ 15,955,253</u>	<u>\$ (8,287,885)</u>	<u>\$ 59,178,632</u>	<u>\$ 3,804,565</u>

Other liabilities are related to developer fees payable and are payable as specified in related developer agreements.

Note I - Retirement Plan

Plan Description

The Authority contributed to the Public Employees' Defined Benefit Account ("PERF DB") which is administered by the Indiana Public Retirement System ("INPRS") as a cost-sharing, multiple-employer defined benefit plan. The account provides retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions that elect to participate in the retirement fund. PERF DB is a component of the Public Employees' Hybrid plan ("PERF Hybrid").

PERF Hybrid consists of two components: PERF DB, the monthly employer-funded defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account ("PERF DC"), a member-funded account. First time new employees hired by a participating subdivision have a one-time election to join either the PERF Hybrid plan or PERF My Choice: Retirement Savings Plan for Public Employees ("PERF MC DC"). Contribution Account, the defined contribution component. The PERF Hybrid option is grandfathered to employees hired before July 1, 2016.

Retirement Benefits - Defined Benefit Pension

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

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

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

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note I - Retirement Plan (Continued)

Retirement Benefits - Defined Benefit Pension (Continued)

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments ("COLA"). Such increases are not guaranteed by statute and will only be provided by legislative action. A "13th check" was paid to each member in pay status during fiscal year 2020. The amount of the 13th check varied based on the years of creditable service the member had earned prior to retirement. Legislation passed in the 2020 legislative session creates a funding mechanism to provide for future benefit increases of 13th checks. The INPRS Board has the authority to have employers contribute up to 1% of member pay into the fund. Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit.

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

Upon the death in service of a member with 10 or more years of creditable service the spouse or dependent beneficiary receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note I - Retirement Plan (Continued)

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2020
Liability valuation date and method:	June 30, 2019 - The TPL as of June 30, 2020 was determined based on an actuarial valuation prepared as of June 30, 2019 rolled forward one year to June 30, 2020, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019, was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were updated as appropriate based on the results of the study for this June 30, 2020 actuarial valuation.
COLA:	As of June 30, 2020: In lieu of a COLA on January 1, 2021 members in pay were provided a 13 th check on October 1, 2020. It is assumed a 13 th check would continue for the 2022, 2034 and 2039 fiscal years.
Future salary increases, including inflation:	2.75%-8.75% based on service
Inflation:	2.25%
Discount rate:	6.75%, net of investment expenses. There was no change in the discount rate from the prior measurement date.
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Employee table with a 3-year set forward for males and a 1 year set forward for females is used for healthy members. The General Retiree table with a 3-year set forward for males and a 1 year set forward for females is used for retirees. The Contingent Survivor table with no set forward for males and a 2-year set forward for females is used for beneficiaries. The General Disabled table with a 140% load is used for disabled members.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note I - Retirement Plan (Continued)

Significant Actuarial Assumptions (Continued)

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

	<u>Target allocation</u>	<u>Geometric basis long-term expected real rate of return</u>
Public equity	22.0%	4.4%
Private markets	14.0%	7.6%
Fixed income - ex inflation-linked	20.0%	1.9%
Fixed income - inflation-linked	7.0%	0.5%
Commodities	8.0%	1.6%
Real estate	7.0%	5.8%
Absolute return	10.0%	2.9%
Risk parity	12.0%	5.5%

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.75 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
\$ 939,058	\$ 575,959	\$ 271,889

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note I - Retirement Plan (Continued)

Investment Valuation and Benefit Payment Policies

The pooled and non-pooled investments are reported at fair value by INPRS.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or automatically distributed by the fund when certain criteria are met.

Funding Policy

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Authority reported a liability of \$575,959 for its proportionate share of the net pension liability. The Authority's proportionate share of the net pension liability was based on the Authority's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2020 measurement date was 0.0001907.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note I - Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2020, the Authority recognized pension income of \$16,656, which is net of income from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$63,043. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 10,205	\$ 7,733
Net differences between project and actual earnings on pension plan investments	49,295	-
Changes of assumptions	-	120,012
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	-	85,951
	<u>59,500</u>	<u>213,696</u>
Total that will be recognized in pension expense (income) based on table below		
Pension contribution subsequent to measurement date	<u>59,853</u>	-
Total	<u>\$ 119,353</u>	<u>\$ 213,696</u>

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

<u>Year ending December 31,</u>	<u>Amount</u>
2021	\$ (106,832)
2022	(48,145)
2023	(20,158)
2024	20,939
	<u>\$ (154,196)</u>

Public Employees Defined Contribution Account ("PERF DC")

PERF DC is a multiple-employer defined contribution fund that provides supplemental retirement benefits to PERF DB members and serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice) members.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note I - Retirement Plan (Continued)

Public Employees Defined Contribution Account ("PERF DC") (Continued)

PERF DC consists of two tiers:

- The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The PERF DB is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at 3% of compensation, and the employer may choose to make contributions on behalf of the member. Members are 100% vested in their account balance, which includes all contributions and earnings.
- My Choice: Retirement Savings Plan for Public Employees (My Choice) is for members who are full-time employees of the State of Indiana or a participating political subdivision that elected to become members of My Choice. Member contributions are set by statute at 3% of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account. Members are 100% vested in all member contributions and are vested in employer contributions based on years of service.

Retirement, Disability and Survivor Benefits

Members may withdraw their account balance upon retirement, termination, disability, or death.

Retirement & Termination Benefit - After a 30-day separation from employment, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. PERF DC members are 100 percent vested in their account balance.

Disability Benefit - Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a full or partial withdrawal as a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity.

Survivor Benefit - The beneficiary is entitled to the sum total of contributions plus earnings. The amount may be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. The amount a beneficiary is entitled to if a member dies after having selected an annuity or having withdrawn from the account depends upon the annuity option selected by the member and the amount of benefits the member received.

DC Investment Options

The DC plans are structured to provide members with a choice of diverse investment options that offer a range of risk and return characteristics appropriate for members. Members can self-direct their investment options or leave their contributions invested in a default target date retirement fund. The offered investment options undergo periodic reviews by the INPRS Board.

Note J - Concentrations

The Authority is substantially funded by federal awards. The Authority received 43% of its total operating revenue from a single Federal Agency during the year ended December 31, 2020.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note K - Risk Management and Contingencies

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims have not exceeded coverage levels for the past three years, and insurance coverage levels, and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

The Authority is party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

Discretely Presented Component Units

Operating Deficit Guaranty

Vision LP

Upon reduction of the operating reserve to zero, the General Partner, Class B Limited Partner and other specified guarantors, pursuant to the guaranty agreement, are obligated to provide funds, up to \$1,200,000, to Vision LP to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins the month in which stabilized operations are achieved and continues for a period of 60 months thereafter; provided, however, that both of the following conditions are satisfied (1) the Property has operated at or above a debt coverage ratio at least equal to 1.20:1.00 for the preceding 12-month period and (2) the operating reserve has been restored to its original amount of \$100,000. The operating deficit guaranty period shall be extended until such conditions are met. Funds made available under this guaranty agreement shall be treated as non-interest bearing loans to the Partnership, repayable as provided in the distribution of cash flow, as defined.

EHA RAD I, LP

Operating deficits for the period prior to the expiration of five years from the date RAD I achieves rental achievement, which was met on November 29, 2018, are to be paid from the operating deficit reserve account. The general partner is to advance funds to RAD I if the operating deficit reserve account is not sufficient to cover the deficits. Such advances are not to exceed \$1,010,000 and are to be treated as unsecured loans bearing interest at an annual rate equal to the prime rate. No funds have been advanced as of December 31, 2020.

The operating deficit guaranty period shall not terminate unless RAD I has achieved a debt service coverage ration of at least 1.15 to 1.0 for the immediately preceding 12 months; there are no material defaults under the partnership agreement; the asset management fee has been fully paid; all reports required by the partnership agreement have been delivered to the administrative limited partner and the operating reserve is not less than \$1,010,000.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note K - Risk Management and Contingencies (Continued)

Discretely Presented Component Units (Continued)

EHA RAD II, LP

Operating deficits for the period prior to the expiration of five years from the date RAD II achieves rental achievement, which was June 28, 2018, are to be paid from the operating deficit reserve account. The general partner is to advance funds to RAD II if the operating deficit reserve account is not sufficient to cover the deficits. Such advances are not to exceed \$365,000 and are to be treated as unsecured loans bearing interest at an annual rate equal to the prime rate. No funds have been advanced as of December 31, 2020.

EHA RAD IV, LP

Operating deficits for the period prior to the expiration of five years from the date RAD IV achieves rental achievement, which was met in August 2019, are to be paid from the operating deficit reserve account. The general partner is to advance funds to RAD IV if the operating deficit reserve account is not sufficient to cover the deficits. Such advances are not to exceed \$571,438 and are to be treated as unsecured loans bearing interest at an annual rate equal to the greater of 12% or the prime rate plus 2%. No funds have been advanced as of December 31, 2020.

The operating deficit guaranty period shall not terminate unless RAD IV has achieved a debt service coverage ration of at least 1.15 to 1.0 for the immediately preceding 12 months; there are no material defaults under the partnership agreement; the asset management fee has been fully paid; all reports required by the partnership agreement have been delivered to the administrative limited partner and the operating reserve is not less than \$571,438.

CSSL, L.P.

Upon reduction of the operating reserve to zero, the general partner, are obligated to provide funds to the CSSL to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving an income to expense ratio of at least 1.15 to 1.0 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$124,087, amended in 2020 to \$134,587, and are to be treated as non-interest-bearing loans to the Partnership. No funds have been advanced as of December 31, 2020.

Evansville Townhomes

Upon reduction of the operating reserve to zero, the general partner, is obligated to provide funds to the Evansville Townhomes to cover operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving a debt service coverage ratio of at least 1.15 to 1.0 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$241,289 and are to be treated as non-interest-bearing loans to the Partnership. No funds were advanced under this guaranty in 2020.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note K - Risk Management and Contingencies (Continued)

Discretely Presented Component Units (Continued)

Trailside Townhomes

Upon reduction of the operating reserve to zero, the general partner, are obligated to provide funds to the Trailside Townhomes to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving an income to expense ratio of at least 1.15 to 1.0 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$223,172 and are to be treated as non-interest-bearing loans to the Partnership. No funds have been advanced as of December 31, 2020.

During the period commencing upon the expiration of the operating deficit guaranty period and terminating upon the end of the compliance period, if the Partnership requires funds to cover any deficits in order to maintain at least breakeven operations the general partner is to make operating deficit loans sufficient to cover such deficits up to the extended operating deficit amount of \$70,000.

Trailside Commons

Upon reduction of the operating reserve to zero, the general partner is obligated to provide funds to Trailside Commons to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins with the stabilization of operations and ends on the fifth anniversary of the stabilization date provided, however, that a minimum debt service coverage of 1.15 to 1.00 to be achieved for the 12-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$200,277 and are to be treated as non-interest-bearing loans. No funds have been advanced as of December 31, 2020.

River View Vincennes, LP

Upon reduction of the operating reserve to zero, the general partner is obligated to provide funds to River View Vincennes, LP, to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins at rental achievement and ends at the later of the last day of the 60th month following rental achievement or the project achieving an income to expense ratio of at least 1.15 to 1 during any consecutive twelve-month period ending no earlier than the end of the 60th month following rental achievement. Advances are not to exceed \$186,533 and are to be treated as non-interest-bearing loans. No funds have been advanced as of December 31, 2020.

Note L - Related Party Information

Discretely Presented Component Units

Vision LP

City Real Estate Advisors, Inc. ("CREA") is entitled to a compliance monitoring and consulting service fee. During construction, a prepayment of the monitoring fee was made in the amount of \$60,000 which will be amortized over 15 years. The prepaid balance as of December 31, 2020 was \$23,000.

The general partner is entitled to receive an annual incentive partnership management fee of 85% of remaining cash flow, not to exceed 12% of the gross revenues of the Partnership on a noncumulative basis. The fee does not accrue if net cash is not available to be paid and will be expensed when paid. No fee was earned in 2020.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note L - Related Party Information (Continued)

Discretely Presented Component Units (Continued)

Vision LP (Continued)

Flaherty & Collins Inc. serves as the property manager. The property management fee is calculated as 7% of all income collected from any source exclusive of security deposits not chargeable as rent. Fees totaling \$21,833 were earned for the year ended December 31, 2020. Total management fees payable at December 31, 2020 were \$3,637.

The Authority, its blended component unit Advantix Development, Inc., and Flaherty & Collins Development, LLC served as co-developers for the project. As compensation for their services, the developers are to receive \$1,200,000, which is to be paid at various times, as specified in the development agreement. If any developer fee remains outstanding as of December 31, 2027, the general partner is to make a capital contribution in the amount of the unpaid fee in order for Vision LP to pay the entire unpaid amount. As of December 31, 2020, \$542,795 remains unpaid.

EHA RAD I, LP

The investor limited partner is entitled to an annual asset management fee of \$3,750, increasing 3% per year of available cash flow as defined. If there is no available cash flow, the fee accrues without interest. The fee earned for 2020 of \$4,098 is included in accounts payable at December 31, 2020. Total asset management fees included in accounts payable at December 31, 2020 is \$15,689.

Advantix Development Corporation served as developer for the project. As compensation for their services, the developer is to receive \$3,843,000, which is to be paid at various times, as specified in the development agreement. As of December 31, 2020, the full amount has been earned and a total of \$1,859,027 is outstanding.

Advantix Development Corporation advanced funds during 2020 to cover various operating expenses. The total amount of funds owed at December 31, 2020 is \$95,569.

EHA RAD II, LP

The investor limited partner is entitled to an annual asset management fee of \$3,750 once completion occurs, increasing 3% per year out of available cash flow as defined. If there is no available cash flow, the fee accrues without interest. The fee earned for 2020 is \$4,098 which is included in accounts payable at December 31, 2020.

Advantix Development Corporation served as the developer for the project. As compensation for their services, the developer is to receive \$1,361,000, which is to be paid at various times, as specified in the development agreement. If the developer fee has not been paid by the thirteenth anniversary of completion, the general partner is to make a capital contribution in an amount sufficient to pay any unpaid balance. As of December 31, 2020, \$844,199 remains outstanding.

Advantix Development Corp advanced funds during 2020 to cover various operating expenses. The total amount of funds owed at December 31, 2020 is \$20,210 and is included in accounts payable - related parties at December 31, 2020.

EHA RAD IV, LP

Advantix Development Corporation, sole member of the general partner, served as the developer for the project. As compensation for its services, the developer is to receive \$1,876,500, which is to be paid at various times, as specified in the development agreement. As of December 31, 2020, \$573,490 remains unpaid.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note L - Related Party Information (Continued)

Discretely Presented Component Units (Continued)

EHA RAD IV, LP (Continued)

Commencing in the year completion occurs, the investor limited partner is entitled to an annual asset management fee of \$7,500, increasing 3% a year payable out of available cash flow as defined. If there is no available cash flow, the fee accrues without interest. A fee of \$7,500 was earned for the period end December 31, 2020 and is included in accounts payable - related parties at year end.

CSSL

Advantix Development Corporation, and Myszak & Palmer Development, LLC served as co-developers for the project. As compensation for their services, the developers are to receive \$710,000, which is to be paid at various times, as specified in the development agreement. A portion of the developers' fee totaling \$585,986 is to be deferred and is payable out of available cash flows. Any unpaid amounts at the end of the compliance period are to be paid from the proceeds of a capital contribution from the general partner. Any unpaid developer fee is to bear interest commencing upon the final installment payment date at the applicable federal rate in effect on the placed-in-service date. As of December 31, 2020, \$570,437 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year commencing in 2018. Fees of \$5,455 were expensed in 2020. The total amount of unpaid fees in accounts payable at December 31, 2020 is \$9,205.

Advantix Development Corporation advanced CSSL \$24,521 in 2019 for operating expenses. The advances were repaid in full in 2020.

During 2020, it was noted that development costs incurred in 2019 were not properly reported as of December 31, 2019. The effect on the 2019 statements resulted in an increase of \$180,521 in notes payable, net, and increase of \$180,521 to various expenses accounts, and a decrease in partner's equity at December 31, 2021 of \$180,521.

Evansville Townhomes, LP

Advantix Development Corporation served as developer for the project. As compensation for its services, the developer is to receive \$1,090,000 which is to be paid at various times as specified in the development agreement. A portion of the developer fee of \$281,465 is to be deferred and is payable out of available cash flows. Any deferred amount shall bear interest at 6% per annum, commencing upon the fourth equity installment payment date. The outstanding balance and accrued interest shall be due in full on the expiration of the compliance period and are to be paid from the proceeds of a general partner contribution. At December 31, 2020, \$959,200 has been earned, of which, \$716,639 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year commencing in 2019. The fee is payable out of available cash flows. Fees of \$5,150 were earned in 2020. A total of \$10,150 is included in accounts payable - related party as of December 31, 2020.

The general partner is entitled to receive a one-time lease-up fee based on actual receipts and expenditures during the lease-up period through the date of rental achievement. The fee is projected to be \$47,330. No payment of the fee is to be made until rental achievement has occurred. No fees were earned in 2020.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note L - Related Party Information (Continued)

Discretely Presented Component Units (Continued)

Trailside Townhomes LP

Advantix Development Corporation served as developer for the project. As compensation for its services, the developer is to receive \$662,500 which is to be paid at various times as specified in the development agreement. A portion of the developer's fee totaling \$64,861 is to be deferred and is payable out of available cash flows, as defined. Any deferred amount shall bear interest at 6% per annum commencing upon the final installment payment date. The outstanding balance and accrued interest shall be due in full on the expiration of the compliance period and are to be paid from the proceeds of a general partner contribution. At December 31, 2020 the entire \$662,500 fee was earned, of which \$333,798 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year commencing in 2019. The fee is payable out of available cash flows. Fees of \$5,150 were earned in 2020. A total of \$10,150 is included in accounts payable - related party as of December 31, 2020.

The general partner is entitled to receive a one-time lease-up fee based on actual receipts and expenditures during the lease-up period through the date of rental achievement. The fee is projected to be \$24,649. No payment of the fee is to be made until rental achievement has occurred. During 2020 Advantix Development Corporation advanced funds to cover operating costs. A total of \$52,684 remains outstanding as of December 31, 2020 and is included in accounts payable - related party at December 31, 2020.

Trailside Commons LP

Advantix Development Corporation served as developer for the project. As compensation for its services, the developer is to receive \$557,500 which is to be paid at various times as specified in the development agreement. A portion of the developer's fee totaling \$30,364 is to be deferred and is payable out of available cash flows, as defined. Any deferred amount shall bear interest at 6% per annum commencing upon the fourth installment payment date. The outstanding balance and accrued interest shall be due in full on the expiration of the compliance period and are to be paid from the proceeds of a general partner contribution. At December 31, 2020 \$451,575 had been earned, of which \$293,434 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year commencing in 2019. The fee is payable out of available cash flows. No fees were recorded in 2020.

River View Vincennes, LP

Advantix Development Corporation, and Myszak & Palmer Development, LLC, an unrelated entity, served as co-developers for the project. As compensation for their services, the developers are to receive \$647,000, which is to be paid at various times, as specified in the development agreement. A portion of the developers' fee totaling \$111,000 is to be deferred and is payable out of available cash flows. Any deferred amount shall bear interest at 6% per annum commencing upon the final installment payment date. The outstanding balance and accrued interest shall be due in full on the expiration of the compliance period and are to be paid from the proceeds of a general partner contribution. As of December 31, 2020, \$513,000 remains unpaid.

The investor limited partner is entitled to receive an annual local administrative fee in the amount of \$5,000 per year increasing by 3% per year commencing in 2020. The fee is payable out of available cash flows.

The general partner is entitled to receive a one-time lease-up fee based on actual receipts and expenditures during the lease-up period through the date of rental achievement. The fee is projected to be \$11,698. No payment of the fee is to be made until rental achievement has occurred.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note M - Condensed Financial Statements - Blended Component Units

Statement of Net Position
December 31, 2020

	Primary government	Blended component units			Total
	Housing Authority of the City of Evansville	Advantix Development Corporation	Lincoln Estates Redevelopment, Inc.	Eliminations	
Assets					
Current assets	\$ 3,340,434	\$ 7,829,410	\$ -	\$ (23,253)	\$ 11,146,591
Capital assets, net	962,535	4,670,761	-	-	5,633,296
Noncurrent assets	21,430,000	2,652,350	-	-	24,082,350
Total assets	25,732,969	15,152,521	-	(23,253)	40,862,237
Deferred outflows of resources	119,353	-	-	-	119,353
Total assets and deferred outflows of resources	25,852,322	15,152,521	-	(23,253)	40,981,590
Liabilities					
Current liabilities	779,924	3,131,446	-	(23,253)	3,888,117
Noncurrent liabilities	1,695,795	1,780	-	-	1,697,575
Total liabilities	2,475,719	3,133,226	-	(23,253)	5,585,692
Deferred inflows of resources	213,696	-	-	-	213,696
Total liabilities and deferred inflows of resources	2,689,415	3,133,226	-	(23,253)	5,799,388
Net position					
Net investment in capital assets	562,535	4,670,761	-	-	5,233,296
Restricted net position	274	-	-	-	274
Unrestricted net position	22,600,098	7,348,534	-	-	29,948,632
Total net position	\$ 23,162,907	\$ 12,019,295	\$ -	\$ -	\$ 35,182,202

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note M - Condensed Financial Statements - Blended Component Units (Continued)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	Primary	Blended component units			Total
	government Housing Authority of the City of Evansville	Advantix Development Corporation	Lincoln Estates Redevelopment, Inc.	Eliminations	
Operating revenues					
Tenant revenue	\$ (234)	\$ 634,589	\$ -	\$ -	\$ 634,355
HUD PHA operating grants	14,216,228	-	-	-	14,216,228
Other government grants	96,938	73,729	-	-	170,667
Fraud recovery income	14,368	-	-	-	14,368
Management fees	-	164,969	-	-	164,969
Other revenue	1,869,663	17,767,865	-	(863,683)	18,773,845
Total operating revenues	16,196,963	18,641,152	-	(863,683)	33,974,432
Operating expenses					
Administration	1,953,533	1,268,136	-	(863,683)	2,357,986
Tenant services	431,214	-	-	-	431,214
Utilities	-	127,192	-	-	127,192
Ordinary maintenance and operations	(17,399)	443,341	-	-	425,942
Protective Services	-	-	-	-	-
Insurance	48,432	389,756	-	-	438,188
Other general expenses	(15,395)	18,442,782	-	-	18,427,387
Housing assistance payments	12,593,801	-	-	-	12,593,801
Depreciation expense	-	479,400	-	-	479,400
Total operating expenses	14,994,186	21,150,607	-	(863,683)	35,281,110
Total operating income (expense)	1,202,777	(2,509,455)	-	-	(1,306,678)
Nonoperating income (expense)					
Investment income - unrestricted	76,158	151,527	-	-	227,685
Interest expense and amortization cost	(29,049)	-	-	-	(29,049)
Net gain on disposal of capital assets	-	-	-	-	-
Total nonoperating income	47,109	151,527	-	-	198,636
Change in net position before capital grants and other special items	1,249,886	(2,357,928)	-	-	(1,108,042)
Transfers to/from component unit	(1,700,000)	1,700,000	-	-	-
Changes in net position	(450,114)	(657,928)	-	-	(1,108,042)
Net position (deficit), beginning of year	23,613,021	12,677,223	-	-	36,290,244
Net position (deficit), end of year	\$ 23,162,907	\$ 12,019,295	\$ -	\$ -	\$ 35,182,202

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note M - Condensed Financial Statements - Blended Component Units (Continued)

Statement of Cash Flows
Year Ended December 31, 2020

	Primary government	Blended component units			Total
	Housing Authority of the City of Evansville	Advantix Development Corporation	Lincoln Estates Redevelopment, Inc.	Eliminations	
Net cash provided (used) by operating activities	\$ 481,106	\$ (1,026,626)	\$ -	\$ -	\$ (545,520)
Net cash provided (used) by capital and related financing activities	(47,641)	525,376	-	-	477,735
Net cash provided (used) by investing activities	74,527	742,576	-	-	817,103
Net increase (decrease) in cash and cash equivalents	507,992	241,326	-	-	749,318
Cash and cash equivalents, beginning of year	1,001,981	2,442,262	-	-	3,444,243
Cash and cash equivalents, end of year	<u>\$ 1,509,973</u>	<u>\$ 2,683,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,193,561</u>

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note N - Condensed Financial Statements - Discretely Presented Component Units

Statement of Net Position
December 31, 2020

	Discretely presented component units									
	Vision 1505, L.P.	EHA RAD I, L.P.	EHA RAD II, L.P.	EHA RAD IV	CSSL L.P.	Trailside Townhomes	Evansville Townhomes	Trailside Commons	Vincennes Riverview	Total
Assets										
Current assets	\$ 458,492	\$ 1,819,434	\$ 607,698	\$ 1,417,328	\$ 312,646	\$ 70,216	\$ 466,868	\$ 849,197	\$ 682,088	\$ 6,683,967
Capital assets, net	5,601,136	25,878,024	8,926,095	16,267,900	9,368,047	7,724,193	9,201,370	5,704,277	8,138,255	96,809,297
Noncurrent assets	48,311	-	-	-	-	49,805	-	52,350	-	150,466
Total assets	6,107,939	27,697,458	9,533,793	17,685,228	9,680,693	7,844,214	9,668,238	6,605,824	8,820,343	103,643,730
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	6,107,939	27,697,458	9,533,793	17,685,228	9,680,693	7,844,214	9,668,238	6,605,824	8,820,343	103,643,730
Liabilities										
Current liabilities	33,381	329,721	121,244	127,317	954,606	2,713,030	1,016,199	2,008,729	1,557,257	8,861,484
Noncurrent liabilities	1,210,204	20,337,207	7,702,715	13,030,072	610,437	394,292	6,863,441	3,296,895	5,794,016	59,239,279
Total liabilities	1,243,585	20,666,928	7,823,959	13,157,389	1,565,043	3,107,322	7,879,640	5,305,624	7,351,273	68,100,763
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	1,243,585	20,666,928	7,823,959	13,157,389	1,565,043	3,107,322	7,879,640	5,305,624	7,351,273	68,100,763
Net position										
Net investment in capital assets	5,101,136	9,291,361	2,797,580	4,618,332	8,468,047	5,336,655	3,071,695	2,323,444	2,869,234	43,877,484
Restricted net position	-	-	-	-	-	-	-	-	-	-
Unrestricted net position (deficit)	(236,782)	(2,260,831)	(1,087,746)	(90,493)	(352,397)	(599,763)	(1,283,097)	(1,023,244)	(1,400,164)	(8,334,517)
Total net position	\$ 4,864,354	\$ 7,030,530	\$ 1,709,834	\$ 4,527,839	\$ 8,115,650	\$ 4,736,892	\$ 1,788,598	\$ 1,300,200	\$ 1,469,070	\$ 35,542,967

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note N - Condensed Financial Statements - Discretely Presented Component Units (Continued)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	Discretely presented component units									
	Vision 1505, L.P.	EHA RAD I, L.P.	EHA RAD II, L.P.	EHA RAD IV	CSSL L.P.	Trailside Townhomes	Evansville Townhomes	Trailside Commons	Vincennes Riverview	Total
Operating revenues										
Tenant revenue	\$ 313,500	\$ 2,703,782	\$ 923,646	\$ 1,363,473	\$ 294,570	\$ 114,998	\$ 151,946	\$ -	\$ 38,312	\$ 5,904,227
Other revenue	-	-	-	3,427,650	2,991,600	3,838,200	(20,000)	-	1,634,357	11,871,807
Total operating revenues	313,500	2,703,782	923,646	4,791,123	3,286,170	3,953,198	131,946	-	1,672,669	17,776,034
Operating expenses										
Administration	96,757	510,670	162,676	215,214	95,764	81,780	60,136	-	53,906	1,276,903
Utilities	110,750	882,189	264,656	413,961	20,817	-	2,009	-	-	1,694,382
Ordinary maintenance and operations	65,627	651,085	226,023	224,018	57,075	22,876	54,561	-	8,701	1,309,966
Protective services	-	37,291	15,330	17,252	-	-	-	-	-	69,873
Insurance	21,939	135,533	76,798	97,039	16,201	27,685	3,262	-	25,821	404,278
Other general expenses	7,845	89,889	22,744	48,863	38,564	55,931	15,225	-	5,045	284,106
Depreciation expense	233,717	801,076	280,140	494,593	637,963	326,249	45,715	-	71,140	2,890,593
Total operating expenses	536,635	3,107,733	1,048,367	1,510,940	866,384	514,521	180,908	-	164,613	7,930,101
Net operating loss	(223,135)	(403,951)	(124,721)	3,280,183	2,419,786	3,438,677	(48,962)	-	1,508,056	9,845,933
Nonoperating income (expense)										
Investment income - unrestricted	312	4,132	1,301	1,463	544	-	-	-	1,745	9,497
Interest expense and amortization cost	(28,485)	(895,964)	(302,726)	(676,998)	(68,887)	(66,185)	(44,583)	-	(40,731)	(2,124,559)
Total nonoperating income (expense)	(28,173)	(891,832)	(301,425)	(675,535)	(68,343)	(66,185)	(44,583)	-	(38,986)	(2,115,062)
Changes in net position	(251,308)	(1,295,783)	(426,146)	2,604,648	2,351,443	3,372,492	(93,545)	-	1,469,070	7,730,871
Net position, beginning of year	5,115,662	8,326,313	2,135,980	1,923,191	5,944,728	1,364,400	1,882,143	1,300,200	-	27,992,617
Prior period adjustment	-	-	-	-	(180,521)	-	-	-	-	(180,521)
Net position, end of year	\$ 4,864,354	\$ 7,030,530	\$ 1,709,834	\$ 4,527,839	\$ 8,115,650	\$ 4,736,892	\$ 1,788,598	\$ 1,300,200	\$ 1,469,070	\$ 35,542,967

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note O - Subsequent Events

On October, 29, 2021, Advantix Development Corporation closed on KHA RAD I LP, a tax credit development located in Kokomo, Indiana. KHA RAD I LP is a Section 221 (d)(4) insured mortgage with Kokomo Housing Authority managing the project based vouchers for the entity. The contract is a rent assistance program for low-income families or persons as provided by the Section 8 Program of the National Housing Act.

On October 29, 2021, Advantix Development Corporation entered into a line of credit agreement with German American Bank to provide up to \$307,286 of financing for the KHA RAD I LP development. Drafts drawn under the line of credit are payable no later than April 30, 2024.

Note P - Recent Accounting Pronouncements

GASB Statement No. 87, *Leases*, was issued in June 2017. The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued in June 2018. The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for governments. This Statement defines an SBITA, establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments and requires note disclosures regarding an SBITA. The standards for SBITAs are based on the standards established in Statement No. 87 - *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, was issued in June 2020. This Statement requires, for purposes of determining whether a primary government is financially accountable for a potential component unit, with certain exceptions, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board would typically perform. These requirements are effective immediately.

Additionally, the Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. It further clarifies that Statement No. 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. These requirements are effective for reporting periods beginning after June 15, 2021.

The Authority is currently evaluating these pronouncements and has not made a determination as to the impact, if any, that implementation will have on the Authority's financial statements.

The Housing Authority of the City of Evansville, Indiana
Notes to Financial Statements (Continued)
Year Ended December 31, 2020

Note Q - Impact of COVID-19

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. The Authority's operations have not been significantly impacted by the COVID-19 outbreak. However, it is likely the Authority's operations will be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown. The Authority received and expended approximately \$329,000 of funding from the Coronavirus Aid, Relief and Economic Security ("CARES") Act.

Required Supplementary Information

The Housing Authority of the City of Evansville, Indiana
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employee's Retirement Fund
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net position liability	0.01907%	0.02017%	0.02152%	0.02375%	0.03484%	0.03905%	0.04691%	0.05236%
Authority's proportionate share of the net pension liability	\$ 575,959	\$ 666,631	\$ 731,044	\$ 1,059,617	\$ 1,581,195	\$ 1,590,468	\$ 1,232,760	\$ 1,793,371
Authority's covered-employee payroll	\$ 1,029,449	\$ 1,051,000	\$ 1,098,000	\$ 1,178,339	\$ 1,669,728	\$ 1,870,301	\$ 2,290,295	\$ 2,514,014
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	81.4%	80.1%	78.9%	76.6%	75.3%	77.3%	84.3%	78.8%

*Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The Housing Authority of the City of Evansville, Indiana
Schedule of the Authority's Contributions
Public Employee's Retirement Fund
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 105,754	\$ 107,945	\$ 121,223	\$ 131,573	\$ 185,291	\$ 191,630	\$ 198,731	\$ 181,661
Contributions in relation to the contractually required contribution	<u>105,754</u>	<u>107,945</u>	<u>121,223</u>	<u>131,573</u>	<u>185,291</u>	<u>191,630</u>	<u>198,731</u>	<u>181,661</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,029,449	\$ 1,051,000	\$ 1,098,000	\$ 1,178,339	\$ 1,669,728	\$ 1,870,301	\$ 2,290,295	\$ 2,514,014
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.0%	11.2%	11.1%	10.2%	8.7%	7.2%

*Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The Housing Authority of the City of Evansville, Indiana
Notes to the Required Supplementary Information
Year Ended December 31, 2020

Actuarial valuation date:	June 30, 2020
Actuarial cost method:	Entry age normal - level percent of payroll
Asset valuation method:	Five-year smoothed market
Inflation:	2.25% per year
Projected salary increases:	2.75%-8.75% based on service
Investment rate of return:	6.75% (net of administrative and investment expenses)

For funding, gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 20-year period with level payments each year. A new gain or loss base is established each year on the additional gain or loss during that year and that base is amortized over a new 20-year period. However, when the plan is at or above 100 percent funded (based on Actuarial Value of Assets), the past amortization bases are considered fully amortized and a single amortization base equal to the surplus is amortized over a 30-year period with level payment each year. Effective June 30, 2018, the bases are calculated without regard to the COLA provisions. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Supplementary Information

The Housing Authority of the City of Evansville, Indiana
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal grantor/pass through entity	Federal CFDA number	Pass-through entity identifying number	Total federal expenditures	Passed-through to subrecipients
U.S. Department of Housing and Urban Development				
Direct Awards:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	-	\$ 13,748,390	-
HCV CARES Act Funding	14.871	-	<u>329,379</u>	<u>-</u>
			14,077,769	-
Family Self-Sufficiency Program	14.896	-	<u>138,460</u>	<u>-</u>
			14,216,229	-
Passed through the City of Evansville:				
Community Development Block Grants/States Program	14.228	B-18-MC-18-002	<u>36,800</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			14,253,029	-
U.S. Department of Labor				
Direct Awards:				
YouthBuild	17.274		<u>133,867</u>	<u>-</u>
Total U.S. Department of Labor			<u>133,867</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 14,386,896</u>	<u>\$ -</u>

Note A - Basis of Presentation

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

Note B - Indirect Cost Rate

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Other Reports



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

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of the City of Evansville, Indiana (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

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

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

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

Kentucky
Indiana
Ohio

**Independent Auditors' 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* (Continued)**

Compliance and Other Matters

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

Purpose of this Report

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

MCM CPAs & Advisors LLP

Lexington, Kentucky
December 8, 2021



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Evansville, Indiana's (the "Authority's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

Kentucky
Indiana
Ohio

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Lexington, Kentucky
December 8, 2021

**The Housing Authority of the City of Evansville, Indiana
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2020**

Section I -Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting
 Material weakness(es) identified? __yes **x** no
 Significant deficiency(ies) identified not considered to
 be material weaknesses? __yes **x** none reported

Noncompliance material to financial statements noted? __yes **x** no

Federal Awards

Internal Control over major programs
 Material weakness(es) identified? __yes **x** no
 Significant deficiency(ies) identified not considered to
 be material weaknesses? __yes **x** none reported

Type of auditor's report issued on compliance for
 major programs Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with 2 CFR 200.516(a)? __yes **x** no

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14.871	Housing Voucher Cluster Section 8 Housing Choice Vouchers	\$14,077,769

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

Auditee qualified as low-risk auditee? **X** yes __no

Section II -Findings -Financial Statement Audit

None.

Section III -Findings -Major Federal Award Programs Audit

None.

**The Housing Authority of the City of Evansville, Indiana
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020**

None.



Independent Accountant's Report on Applying Agreed-Upon Procedure

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana

We have performed the procedure enumerated below on the electronic submission of the Authority's Financial Data Schedule for the fiscal year ended December 31, 2020. The Housing Authority of the City of Evansville, Indiana (the "Authority") is responsible for the Financial Data Schedule for the year ended December 31, 2020.

The Authority has agreed to and acknowledged that the procedure performed is appropriate to meet the intended purpose of ensuring that the electronic submission of the Financial Data Schedule agrees to the audited financial statements for the fiscal year ended December 31, 2020. This report may not be suitable for any other purpose. The procedure performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are delineated in the chart on page 3 of this report. We compared the electronic submission of the items listed in the chart attached under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Financial Data Schedule for the fiscal year ended December 31, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with 2 CFR 200 Subpart F, Audit Requirements, for the Housing Authority as of and for the year ended December 31, 2020, and have issued our reports thereon dated December 8, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule ("FDS") dated July 20, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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

We are required to be independent of the Housing Authority of the City of Evansville, Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Commissioners, Authority management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

MCM CPAs & Advisors LLP

Lexington, Kentucky
December 8, 2021

MCM CPAs & Advisors LLP

P 859.514.7800
F 859.514.7805
1000 Vine Center
333 West Vine Street
Lexington, KY 40507
www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

**Attachment to Independent Accountant's Report
on Applying Agreed-Upon Procedure**

	UFRS RULE	HARD COPY		DOES
PROCEDURE	INFORMATION	DOCUMENT(S)	AGREES	NOT
				AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	X	
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	X	
4	Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	Uniform Guidance Data Collection Form	X	
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form	X	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form	X	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	Uniform Guidance Data Collection Form	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Housing Authority of the City of Evansville (IN016)
 Evansville, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.228 Community Development Block Grants/State's Program	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	17.274 YouthBuild Program	14.CCC Central Office Cost Center CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$806,727	\$2,306,907		\$569,775	\$204			\$414,303		\$0			\$96,541	\$4,194,457	\$0	\$4,194,457
112 Cash - Restricted - Modernization and Development		\$2,514,169													\$2,514,169		\$2,514,169
113 Cash - Other Restricted		\$2,559,276	\$390,000						\$206,855	\$193,981					\$3,350,112		\$3,350,112
114 Cash - Tenant Security Deposits		\$102,932	\$14,995							\$0					\$117,927		\$117,927
115 Cash - Restricted for Payment of Current Liabilities		\$171,362													\$171,362		\$171,362
100 Total Cash	\$0	\$6,154,466	\$2,711,902	\$0	\$569,775	\$204	\$0	\$0	\$621,158	\$193,981	\$0	\$0	\$0	\$96,541	\$10,348,027	\$0	\$10,348,027
121 Accounts Receivable - PHA Projects																	
122 Accounts Receivable - HUD Other Projects		\$37,482		\$11,731		\$0									\$49,213		\$49,213
124 Accounts Receivable - Other Government			\$354,305			\$1,569					\$35,171				\$391,045		\$391,045
125 Accounts Receivable - Miscellaneous		\$0	\$4,522,760		\$52									\$145,099	\$4,667,911		\$4,667,911
126 Accounts Receivable - Tenants		\$61,180													\$61,180		\$61,180
126.1 Allowance for Doubtful Accounts - Tenants		\$0			\$0										\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0	\$0					\$0			\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current																	
128 Fraud Recovery																	
128.1 Allowance for Doubtful Accounts - Fraud		\$0							\$0						\$0		\$0
129 Accrued Interest Receivable																	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$98,662	\$4,877,065	\$11,731	\$52	\$1,569	\$0	\$0	\$0	\$0	\$35,171	\$0	\$0	\$145,099	\$5,169,349	\$0	\$5,169,349
131 Investments - Unrestricted					\$331,841										\$331,841		\$331,841
132 Investments - Restricted																	
135 Investments - Restricted for Payment of Current Liability		\$0													\$0		\$0
142 Prepaid Expenses and Other Assets		\$430,839	\$1,468,957											\$81,545	\$1,981,341		\$1,981,341
143 Inventories																	
143.1 Allowance for Obsolete Inventories																	
144 Inter Program Due From					\$51,448										\$51,448	-\$51,448	\$0
145 Assets Held for Sale			\$0												\$0		\$0
150 Total Current Assets	\$0	\$6,683,967	\$9,057,924	\$11,731	\$953,116	\$1,773	\$0	\$0	\$621,158	\$193,981	\$35,171	\$0	\$0	\$323,185	\$17,882,006	-\$51,448	\$17,830,558
161 Land		\$2,163,557	\$283,325		\$962,535										\$3,409,417		\$3,409,417
162 Buildings		\$103,152,933	\$13,090,660												\$116,243,593		\$116,243,593
163 Furniture, Equipment & Machinery - Dwellings			\$166,850												\$166,850		\$166,850
164 Furniture, Equipment & Machinery - Administration			\$899,329						\$5,013						\$904,342		\$904,342
165 Leasehold Improvements														\$29,199	\$29,199		\$29,199
166 Accumulated Depreciation		-\$8,507,193	-\$10,003,822						-\$5,013					-\$29,199	-\$18,545,227		-\$18,545,227
167 Construction in Progress			\$234,419												\$234,419		\$234,419
168 Infrastructure																	
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$96,809,297	\$4,670,761	\$0	\$962,535	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$102,442,593	\$0	\$102,442,593
171 Notes, Loans and Mortgages Receivable - Non-Current			\$2,326,250		\$21,030,000										\$23,356,250		\$23,356,250
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																	
173 Grants Receivable - Non Current																	
174 Other Assets		\$150,466	\$0												\$150,466		\$150,466
176 Investments in Joint Ventures			\$726,100												\$726,100		\$726,100
180 Total Non-Current Assets	\$0	\$96,959,763	\$7,723,111	\$0	\$21,992,535	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$126,675,409	\$0	\$126,675,409
200 Deferred Outflow of Resources									\$32,525					\$86,828	\$119,353		\$119,353
290 Total Assets and Deferred Outflow of Resources	\$0	\$103,643,730	\$16,781,035	\$11,731	\$22,945,651	\$1,773	\$0	\$0	\$653,683	\$193,981	\$35,171	\$0	\$0	\$410,013	\$144,676,768	-\$51,448	\$144,625,320
311 Bank Overdraft				\$0							\$0				\$0	\$0	\$0
312 Accounts Payable <= 90 Days		\$4,827,752	\$1,691,620			\$5,863			\$18,360		\$1,474			\$173	\$6,545,242		\$6,545,242
313 Accounts Payable >90 Days Past Due																	
321 Accrued Wage/Payroll Taxes Payable			\$25,942	\$1,703					\$9,886					\$12,505	\$50,036		\$50,036
322 Accrued Compensated Absences - Current Portion		\$0	\$27,478						\$15,020					\$33,798	\$76,296		\$76,296
324 Accrued Contingency Liability																	

Housing Authority of the City of Evansville (IN016)

Evansville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.228 Community Development Block Grants/State's Program	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	17.274 YouthBuild Program	14.CCC Central Office Cost Center CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
325 Accrued Interest Payable		\$3,865,212													\$3,865,212		\$3,865,212
331 Accounts Payable - HUD PHA Programs									\$5,294						\$5,294		\$5,294
332 Account Payable - PHA Projects																	
333 Accounts Payable - Other Government																	
341 Tenant Security Deposits		\$100,395	\$14,661												\$115,056		\$115,056
342 Unearned Revenue		\$20,280	\$21,819							\$193,981					\$236,080		\$236,080
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$3,804,565			\$0										\$3,804,565		\$3,804,565
344 Current Portion of Long-term Debt - Operating Borrowings					\$87,050										\$87,050		\$87,050
345 Other Current Liabilities		\$108,492	\$1,378,023	\$0					\$520					\$68,450	\$1,555,485		\$1,555,485
346 Accrued Liabilities - Other		\$0	\$246,716		\$0				\$27,781						\$274,497		\$274,497
347 Inter Program - Due To				\$10,028							\$41,420				\$51,448	-\$51,448	\$0
348 Loan Liability - Current		\$0													\$0		\$0
310 Total Current Liabilities	\$0	\$12,726,696	\$3,406,259	\$11,731	\$87,050	\$5,863	\$0	\$0	\$76,861	\$193,981	\$42,894	\$0	\$0	\$114,926	\$16,666,261	-\$51,448	\$16,614,813
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$49,127,248	\$400,000		\$0										\$49,527,248		\$49,527,248
352 Long-term Debt, Net of Current - Operating Borrowings					\$486,477										\$486,477		\$486,477
353 Non-current Liabilities - Other		\$6,246,819			\$0				\$206,561						\$6,453,400		\$6,453,400
354 Accrued Compensated Absences - Non Current			\$1,780						\$11,755					\$15,023	\$28,558		\$28,558
355 Loan Liability - Non Current																	
356 FASB 5 Liabilities																	
357 Accrued Pension and OPEB Liabilities									\$139,447					\$436,512	\$575,959		\$575,959
350 Total Non-Current Liabilities	\$0	\$55,374,067	\$401,780	\$0	\$486,477	\$0	\$0	\$0	\$357,783	\$0	\$0	\$0	\$0	\$451,535	\$57,071,642	\$0	\$57,071,642
300 Total Liabilities	\$0	\$68,100,763	\$3,808,039	\$11,731	\$573,527	\$5,863	\$0	\$0	\$434,644	\$193,981	\$42,894	\$0	\$0	\$566,461	\$73,737,903	-\$51,448	\$73,686,455
400 Deferred Inflow of Resources									\$56,540					\$157,156	\$213,696		\$213,696
508.4 Net Investment in Capital Assets	\$0	\$43,877,484	\$4,270,761		\$962,535		\$0	\$0	\$0	\$0			\$0		\$49,110,780		\$49,110,780
511.4 Restricted Net Position	\$0		\$0		\$0	\$0	\$0	\$0	\$274	\$0			\$0		\$274		\$274
512.4 Unrestricted Net Position	\$0	-\$8,334,517	\$8,702,235	\$0	\$21,409,589	-\$4,090	\$0	\$0	\$162,225	\$0	-\$7,723	\$0	\$0	-\$313,604	\$21,614,115		\$21,614,115
513 Total Equity - Net Assets / Position	\$0	\$35,542,967	\$12,972,996	\$0	\$22,372,124	-\$4,090	\$0	\$0	\$162,499	\$0	-\$7,723	\$0	\$0	-\$313,604	\$70,725,169	\$0	\$70,725,169
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$103,643,730	\$16,781,035	\$11,731	\$22,945,651	\$1,773	\$0	\$0	\$653,683	\$193,981	\$35,171	\$0	\$0	\$410,013	\$144,676,768	-\$51,448	\$144,625,320

Housing Authority of the City of Evansville (IN016)
Evansville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.228 Community Development Block Grants/State's Program	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	17.274 YouthBuild Program	14.CCC Central Office Cost Center CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$5,782,327	\$627,573					\$0							\$6,409,900		\$6,409,900
70400 Tenant Revenue - Other		\$121,900	\$6,782												\$128,682		\$128,682
70500 Total Tenant Revenue	\$0	\$5,904,227	\$634,355	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,538,582	\$0	\$6,538,582
70600 HUD PHA Operating Grants				\$138,460					\$13,748,390	\$329,379					\$14,216,229		\$14,216,229
70610 Capital Grants																	
70710 Management Fee														\$204,111	\$204,111	-\$204,111	\$0
70720 Asset Management Fee														\$0	\$0	\$0	\$0
70730 Book Keeping Fee														\$191,693	\$191,693	-\$191,693	\$0
70740 Front Line Service Fee																	
70750 Other Fees																	
70700 Total Fee Revenue														\$395,804	\$395,804	-\$395,804	\$0
70800 Other Government Grants						\$36,800									\$170,667		\$170,667
71100 Investment Income - Unrestricted		\$9,497	\$151,527		\$76,041				\$83		\$133,867			\$34	\$237,182		\$237,182
71200 Mortgage Interest Income		\$0													\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale																	
71310 Cost of Sale of Assets																	
71400 Fraud Recovery									\$14,368						\$14,368		\$14,368
71500 Other Revenue		\$11,871,807	\$18,874,878		\$28,705				\$35,230			\$30,539		\$467,885	\$31,309,044	-\$498,424	\$30,810,620
71600 Gain or Loss on Sale of Capital Assets															\$0		\$0
72000 Investment Income - Restricted			\$0												\$0		\$0
70000 Total Revenue	\$0	\$17,785,531	\$19,660,760	\$138,460	\$104,746	\$36,800	\$0	\$0	\$13,798,071	\$329,379	\$133,867	\$30,539	\$0	\$863,723	\$52,881,876	-\$894,228	\$51,987,648
91100 Administrative Salaries		\$451,008	\$538,447			\$20,912			\$290,479		\$100,104	\$21,930		\$496,815	\$1,919,695		\$1,919,695
91200 Auditing Fees			\$27,250						\$24,000					\$3,250	\$54,500		\$54,500
91300 Management Fee		\$300,708							\$204,111	\$30,539		\$0		\$535,358	-\$234,650	\$300,708	
91310 Book-keeping Fee									\$191,693					\$191,693	-\$191,693	\$0	
91400 Advertising and Marketing		\$3,543	\$600											\$4,143	\$4,143		\$4,143
91500 Employee Benefit contributions - Administrative		\$149,907	\$85,338			\$232			\$120,401		\$16,981			\$8,895	\$381,754		\$381,754
91600 Office Expenses		\$140,308	\$285,941	\$6,086	\$5,126	\$3,735			\$142,792		\$4,601	\$6,609		\$103,124	\$700,322		\$700,322
91700 Legal Expense			\$18,984		\$2,067				\$338					\$18,848	\$40,237		\$40,237
91800 Travel		\$21,185													\$21,185		\$21,185
91810 Allocated Overhead		\$0													\$0		\$0
91900 Other		\$210,244	\$461,838			\$8,148			\$0						\$680,230	-\$467,885	\$212,345
91000 Total Operating - Administrative	\$0	\$1,276,903	\$1,418,398	\$6,086	\$7,193	\$33,027	\$0	\$0	\$973,814	\$30,539	\$121,686	\$30,539	\$0	\$630,932	\$4,529,117	-\$894,228	\$3,634,889
92000 Asset Management Fee																	
92100 Tenant Services - Salaries				\$103,384						\$109,930					\$213,314		\$213,314
92200 Relocation Costs																	
92300 Employee Benefit Contributions - Tenant Services				\$28,990						\$39,972					\$68,962		\$68,962
92400 Tenant Services - Other										\$148,938					\$148,938		\$148,938
92500 Total Tenant Services	\$0	\$0	\$0	\$132,374	\$0	\$0	\$0	\$0	\$0	\$298,840	\$0	\$0	\$0	\$0	\$431,214	\$0	\$431,214
93100 Water		\$1,694,382	\$39,939												\$1,734,321		\$1,734,321
93200 Electricity			\$70,572												\$70,572		\$70,572
93300 Gas			\$16,680												\$16,680		\$16,680
93400 Fuel																	
93500 Labor																	
93600 Sewer																	
93700 Employee Benefit Contributions - Utilities																	
93800 Other Utilities Expense																	
93000 Total Utilities	\$0	\$1,694,382	\$127,191	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,821,573	\$0	\$1,821,573
94100 Ordinary Maintenance and Operations - Labor		\$438,043	\$248												\$438,291		\$438,291
94200 Ordinary Maintenance and Operations - Materials and Other		\$286,027	\$109,881			\$217			\$2,271					\$280	\$398,676		\$398,676
94300 Ordinary Maintenance and Operations Contracts		\$585,896	\$258,186			\$1,538			\$42,632		\$1,754			\$8,806	\$898,812		\$898,812

Housing Authority of the City of Evansville (IN016)
 Evansville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.228 Community Development Block Grants/State's Program	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	17.274 YouthBuild Program	14.CCC Central Office Cost Center CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
94500 Employee Benefit Contributions - Ordinary Maintenance		\$0	\$25			\$104									\$129		\$129
94000 Total Maintenance	\$0	\$1,309,966	\$368,340	\$0	\$0	\$1,859	\$0	\$0	\$44,903	\$0	\$1,754	\$0	\$0	\$9,086	\$1,735,908	\$0	\$1,735,908
95100 Protective Services - Labor																	
95200 Protective Services - Other Contract Costs		\$69,873													\$69,873		\$69,873
95300 Protective Services - Other																	
95500 Employee Benefit Contributions - Protective Services																	
95000 Total Protective Services	\$0	\$69,873	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$69,873	\$0	\$69,873
96110 Property Insurance		\$396,052	\$356,627											\$26,133	\$780,812		\$780,812
96120 Liability Insurance														\$6,700	\$6,700		\$6,700
96130 Workmen's Compensation		\$8,226	\$21,377						\$9,788					\$14,090	\$53,481		\$53,481
96140 All Other Insurance		\$0							\$0		\$1,473				\$1,473		\$1,473
96100 Total Insurance Premiums	\$0	\$404,278	\$378,004	\$0	\$0	\$0	\$0	\$0	\$9,788	\$0	\$1,473	\$0	\$0	\$48,923	\$842,466	\$0	\$842,466
96200 Other General Expenses		\$44,001	\$18,264,871			\$224			\$2,920		\$21,472			\$34,216	\$18,367,704		\$18,367,704
96210 Compensated Absences			\$4,615			\$1,690			\$63,671						\$69,976		\$69,976
96300 Payments in Lieu of Taxes		\$140,680	\$25,379												\$166,059		\$166,059
96400 Bad debt - Tenant Rents		\$99,425	\$3,154												\$102,579		\$102,579
96500 Bad debt - Mortgages																	
96600 Bad debt - Other									\$5,175						\$5,175		\$5,175
96800 Severance Expense																	
96000 Total Other General Expenses	\$0	\$284,106	\$18,298,019	\$0	\$0	\$1,914	\$0	\$0	\$71,766	\$0	\$21,472	\$0	\$0	\$34,216	\$18,711,493	\$0	\$18,711,493
96710 Interest of Mortgage (or Bonds) Payable		\$2,124,559													\$2,124,559		\$2,124,559
96720 Interest on Notes Payable (Short and Long Term)					\$29,049										\$29,049		\$29,049
96730 Amortization of Bond Issue Costs		\$0													\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$2,124,559	\$0	\$0	\$29,049	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,153,608	\$0	\$2,153,608
96900 Total Operating Expenses	\$0	\$7,164,067	\$20,589,952	\$138,460	\$36,242	\$36,800	\$0	\$0	\$1,100,271	\$329,379	\$146,385	\$30,539	\$0	\$723,157	\$30,295,252	-\$894,228	\$29,401,024
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$10,621,464	-\$929,192	\$0	\$68,504	\$0	\$0	\$0	\$12,697,800	\$0	-\$12,518	\$0	\$0	\$140,566	\$22,586,624	\$0	\$22,586,624
97100 Extraordinary Maintenance																	
97200 Casualty Losses - Non-capitalized																	
97300 Housing Assistance Payments									\$12,570,774						\$12,570,774		\$12,570,774
97350 HAP Portability-In									\$23,027						\$23,027		\$23,027
97400 Depreciation Expense		\$2,890,593	\$479,401						\$0						\$3,369,994		\$3,369,994
97500 Fraud Losses																	
97600 Capital Outlays - Governmental Funds																	
97700 Debt Principal Payment - Governmental Funds																	
97800 Dwelling Units Rent Expense																	
90000 Total Expenses	\$0	\$10,054,660	\$21,069,353	\$138,460	\$36,242	\$36,800	\$0	\$0	\$13,694,072	\$329,379	\$146,385	\$30,539	\$0	\$723,157	\$46,259,047	-\$894,228	\$45,364,819
10010 Operating Transfer In			\$0									\$0		\$0	\$0	\$0	\$0
10020 Operating transfer Out										\$0					\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government																	
10040 Operating Transfers from/to Component Unit			\$1,700,000		-\$1,700,000										\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds																	
10060 Proceeds from Property Sales																	
10070 Extraordinary Items, Net Gain/Loss																	
10080 Special Items (Net Gain/Loss)									\$0						\$0		\$0
10091 Inter Project Excess Cash Transfer In																	
10092 Inter Project Excess Cash Transfer Out																	
10093 Transfers between Program and Project - In																	
10094 Transfers between Project and Program - Out																	
10100 Total Other financing Sources (Uses)	\$0	\$0	\$1,700,000	\$0	-\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Housing Authority of the City of Evansville (IN016)
 Evansville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.228 Community Development Block Grants/State's Program	2 State/Local	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	17.274 YouthBuild Program	14.CCC Central Office Cost Center CARES Act Funding	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$7,730,871	\$291,407	\$0	-\$1,631,496	\$0	\$0	\$0	\$103,999	\$0	-\$12,518	\$0	\$0	\$140,566	\$6,622,829	\$0	\$6,622,829
11020 Required Annual Debt Principal Payments	\$0	\$655,629	\$0	\$0	\$66,043	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$721,672		\$721,672
11030 Beginning Equity	\$0	\$27,992,617	\$12,681,589	\$0	\$24,003,620	-\$4,090	\$0	\$0	\$58,500	\$0	\$4,795	\$0	\$0	-\$454,170	\$64,282,861		\$64,282,861
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	-\$180,521	\$0						\$0						-\$180,521		-\$180,521
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									\$162,225						\$162,225		\$162,225
11180 Housing Assistance Payments Equity									\$274						\$274		\$274
11190 Unit Months Available	0	10560	1254						33900					0	45714		45714
11210 Number of Unit Months Leased	0	9877	1054						26886					0	37817		37817
11270 Excess Cash	\$0														\$0		\$0
11610 Land Purchases	\$0														\$0		\$0
11620 Building Purchases	\$0														\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0														\$0		\$0
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