



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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August 4, 2022

Board of Commissioners
Tell City Housing Authority
1648 Tenth Street
Tell City, IN 47586

We have reviewed the audit report of the Tell City Housing Authority, which was opined upon by Audit Solutions, LLC, Independent Public Accountant, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Tell City Housing Authority as of June 30, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Audit Solutions, LLC, 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

**HOUSING AUTHORITY OF THE CITY OF TELL CITY
TELL CITY, INDIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Tell City
Tell City, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Tell City (Authority), Indiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vii 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as described in the table of contents and the Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2021, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

December 21, 2021

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2021

This section of the Housing Authority of the City of Tell City, Indiana's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2021. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2021 was \$2,021,848. The net position increased by \$245,843, an increase of 13.8% over the prior year.
- Revenues for the Authority were \$1,945,733 for the year ended June 30, 2021. This was an increase of \$428,917 or 28.3% over the prior year.
- Expenses for the Authority were \$1,470,034 for the year ended June 30, 2021. This was an increase of \$91,022 or 6.6% over the prior year.
- Tenant revenue for the Authority was \$773,500 for the year ended June 30, 2021, a decrease of \$10,196 or 1.3% from the prior year.
- Revenue from governmental grants and subsidy were \$680,335 for the year ended June 30, 2021, an increase of \$116,415 or 20.6% over the prior year.
- Capital contributions received by the Authority were \$488,595 for the year ended June 30, 2021, an increase of \$328,596 or 205.4% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS - (CONTINUED)

Required Financial Statements

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

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2021 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of an agency's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,021,848 at the close of the year ended June 30, 2021 up from \$1,776,005 in fiscal year 2020. The increase in net position of \$245,843 was due the reasons noted below.

- Current assets include cash, investments, receivables, prepaid expenses, and materials inventory. Of the \$171,563 decrease in this category, cash and investments decreased \$58,876, receivables decreased \$112,578, prepaid expenses decreased \$568, and materials inventory increased \$459.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2021

FINANCIAL ANALYSIS - (Continued)

- Capital assets increased \$385,301 because current year capital asset additions exceeded current year depreciation expense. Change in capital assets is explained in section titled "Capital Asset" of this analysis.
- Current liabilities decreased \$32,105 mainly due to a \$24,350 decrease in unearned revenue and a \$23,046 decrease in accrued payment in lieu of taxes. This was partially offset by \$17,252 increase in accounts payable.

CONDENSED STATEMENTS OF NET POSITION
JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 758,191	\$ 929,754	\$ (171,563)	-18.5%
Capital assets	1,441,019	1,055,718	385,301	36.5%
Total Assets	<u>\$ 2,199,210</u>	<u>\$ 1,985,472</u>	<u>\$ 213,738</u>	10.8%
Current liabilities	\$ 177,362	\$ 209,467	\$ (32,105)	-15.3%
Total Liabilities	<u>177,362</u>	<u>209,467</u>	<u>(32,105)</u>	-15.3%
Net Position				
Net investment in capital assets	1,441,019	1,055,718	385,301	36.5%
Unrestricted	580,829	720,287	(139,458)	-19.4%
Total Net Position	<u>\$ 2,021,848</u>	<u>\$ 1,776,005</u>	<u>\$ 245,843</u>	13.8%

The unrestricted net position was \$580,829 as of June 30, 2021. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for six months. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2021

FINANCIAL ANALYSIS - (Continued)

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

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30,**

	2021	2020	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating - capital contributions:				
Tenant revenue	\$ 773,500	\$ 783,696	\$ (10,196)	-1.3%
Governmental grants and subsidy	680,335	563,920	116,415	20.6%
Investment income	4,285	3,903	382	9.8%
Capital contributions	488,595	159,999	328,596	205.4%
Miscellaneous	3,316	5,298	(1,982)	-37.4%
Gain (loss) on disposal of capital assets	(4,298)	-	(4,298)	-100.0%
Total Revenues & Contributions	1,945,733	1,516,816	428,917	28.3%
Expenses				
Administrative	230,954	190,640	40,314	21.1%
Tenant services	698	4,946	(4,248)	-85.9%
Utilities	209,585	213,683	(4,098)	-1.9%
Ordinary maintenance and operations	504,309	469,948	34,361	7.3%
Protective services	9,730	9,203	527	5.7%
Insurance	67,976	63,757	4,219	6.6%
General	68,851	67,782	1,069	1.6%
Non routine maintenance	-	2,800	(2,800)	-100.0%
Housing assistance payments	211,800	213,885	(2,085)	-1.0%
Depreciation	166,131	142,368	23,763	16.7%
Total Expenses	1,470,034	1,379,012	91,022	6.6%
Change in net position	475,699	137,804	337,895	
Total net position - beginning of year	1,776,005	1,638,201	137,804	
Prior period adjustments	(229,856)	-	(229,856)	
Total net position - end of year	\$ 2,021,848	\$ 1,776,005	\$ 245,843	

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2021

FINANCIAL ANALYSIS - (Continued)

As can be seen in the table on the previous page, total revenues increased \$428,917 due to the reasons noted below.

- Tenant revenue decreased \$10,196 or 1.3% primarily due to a decrease in the average rental charge per dwelling unit of \$4.36 or 1.5%. The average rental charge was \$289.94 in FY 2021, down from \$294.30 in FY 2020.
- Governmental grants and subsidy increased \$116,415 or 20.6% from FY 2020 mainly due to a \$40,123 increase in capital fund grants used for operating expenditures and a \$37,625 increase in funding from public housing operating subsidy. The Authority also had a \$37,460 increase in funding received from HUD for CARES Act and a \$1,207 increase in housing choice voucher program assistance.
- Investment income increased \$382 or 9.8% from FY 2020.
- Capital contributions increased \$328,596 from FY 2020. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Capital contributions during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Miscellaneous income decreased \$1,982 from FY 2020.
- The Authority had a \$4,298 loss on disposal of capital assets in FY 2021.

Total expenses increased by \$91,022 due to the reasons noted below.

- Administrative expenses increased \$40,314 or 21.1% from FY 2020 primarily due to an increase in administrative wages and benefits of \$35,723 or 24.1%.
- Tenant services decreased \$4,248 from FY 2020.
- Of the \$4,098 decrease in utilities, water decreased \$15 or 0.8%, electricity decreased \$8,090 or 8.9%, gas increased \$4,426 or 17.6%, and sewer decreased \$419 or 0.6%.
- Ordinary maintenance and operations increased \$34,361 or 7.3% from FY 2020 mainly due to a \$24,794 increase in maintenance materials purchased during FY 2021. The Authority also had an increase in services contracted for maintenance and repair of \$8,899 or 5.8% and an increase in maintenance wages and benefits of \$668 or 0.2%.
- Protective services increased \$527 or 5.7% from FY 2020.
- Insurance increased \$4,219 or 6.6% from FY 2020 due to an increase in property and liability insurance of \$3,539 or 6.6% and an increase in workers compensation insurance of \$1,410 or 21.9%. This was partially offset by a \$730 decrease in other insurance.
- General expenses increased \$1,069 or 1.6% from FY 2020.
- The Authority had non-routine maintenance of \$2,800 in FY 2020 for tree removal.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2021

FINANCIAL ANALYSIS - (Continued)

- Housing assistance payments decreased \$2,085 or 1.0% from FY 2020 due to a decrease in average housing assistance payment per unit of \$2.11 or 0.7%. Average housing assistance payment was \$303.87 in FY 2021, down from \$305.99 in FY 2020.
- The Authority had a \$23,763 or 16.7% increase in Depreciation, which is the write-off of capital assets over their estimated useful life.

The Public Housing occupancy rate for fiscal year ending June 30, 2021 was 98.1%, down slightly from 98.7% in FY 2020.

The Authority is authorized to assist 67 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for FY 2021 was 86.7%, down slightly from 86.9% in FY 2020.

CAPITAL ASSETS

The Housing Authority of the City of Tell City, Indiana’s net investment in capital assets as of June 30, 2021 amounts to \$1,441,019. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation.

Capital Assets – The total increase in the Authority’s investment in capital assets for the current fiscal year was 36.5% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and contributions were \$555,730 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$166,131. The Authority has \$446,351 available in in capital funds to draw down and spend in the future. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$1,055,718	\$555,730	\$(166,131)	\$(4,298)	\$1,441,019

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2022 Public Housing budget. The user charges are based on a tenant’s income as established by HUD guidelines and are adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority’s rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy’s inflation rate.

The Authority receives annual budget authority from HUD based on prior year leasing and HAP utilization. In addition to annual budget authority, the Authority also has \$65,090 in HUD-Held Program Reserves available for housing assistance payments. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2022 and adjusted for pro-ration which is currently at 84.65%.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2021

REQUEST FOR INFORMATION

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

Donna Nance
Executive Director
Housing Authority of the City of Tell City
1648 10th Street
Tell City, Indiana 47586

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF NET POSITION
June 30, 2021

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 301,602
Cash - restricted	38,958
Investments	197,521
Receivables - net of allowances	160,715
Inventory - net of allowances	25,486
Prepaid expenses	<u>33,909</u>
Total Current Assets	<u>758,191</u>
Non-current Assets:	
Capital assets:	
Land and construction in progress	222,531
Other capital assets, net of depreciation	<u>1,218,488</u>
Total capital assets - net	<u>1,441,019</u>
Total Non-current Assets	<u>1,441,019</u>
Total Assets	<u>\$ 2,199,210</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF NET POSITION - (Continued)

June 30, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$	97,509
Accrued salaries and benefits		14,952
Tenant security deposit liability		33,893
Accrued compensated absences		15,149
Unearned revenues		<u>15,859</u>

Total Current Liabilities 177,362

Total Liabilities 177,362

NET POSITION

Net investment in capital assets		1,441,019
Unrestricted		<u>580,829</u>

Total Net Position 2,021,848

Total Liabilities and Net Position \$ 2,199,210

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

OPERATING REVENUES	
Tenant revenue	\$ 773,500
Governmental grants and subsidy	680,335
Miscellaneous	<u>3,316</u>
 Total operating revenue	 <u>1,457,151</u>
 OPERATING EXPENSES	
Administrative	230,954
Tenant services	698
Utilities	209,585
Ordinary maintenance and operations	504,309
Protective services	9,730
Insurance	67,976
General	68,851
Housing assistance payment	211,800
Depreciation expense	<u>166,131</u>
 Total operating expenses	 <u>1,470,034</u>
 Operating income (loss)	 <u>(12,883)</u>
 NON-OPERATING REVENUES (EXPENSES)	
Investment income	4,285
Gain (loss) on disposal of capital assets	<u>(4,298)</u>
 Net non-operating revenues (expenses)	 <u>(13)</u>
 Income (loss) before contributions and transfers	 <u>(12,896)</u>
 Capital contributions	 <u>488,595</u>
 Change in net position	 475,699
Total net position - beginning of year	1,776,005
Prior period adjustments	<u>(229,856)</u>
 Total net position - end of year	 \$ <u><u>2,021,848</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$ 769,240
Received from governmental grants and subsidy	541,209
Received from other operating activities	3,316
Payments for goods and services	(546,201)
Payments to employees	(491,712)
Payment in lieu of taxes	(70,565)
Payment for housing assistance	<u>(211,800)</u>

Net cash provided by (used in) operating activities (6,513)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions	488,595
Purchases of capital assets	(543,954)
Receipts (payments) from inter-programs	<u>(1,622)</u>

Net cash provided by (used in) capital and related financing activities (56,981)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments	(4,556)
Receipts of interest and dividends	<u>4,618</u>

Net cash provided by (used in) investing activities 62

Net increase (decrease) in cash and cash equivalents	(63,432)
Cash and cash equivalents at beginning of year	<u>403,992</u>

Cash and cash equivalents at end of year	<u><u>\$ 340,560</u></u>
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See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended June 30, 2021

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	(12,883)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		166,131
Change in assets and liabilities:		
Receivables, net		(117,611)
Inventories, net		(459)
Prepaid expenses		568
Accounts and other payables		(16,723)
Tenant security deposit		(725)
Unearned revenues		(24,350)
Compensated absences		546
Accrued expenses		<u>(1,007)</u>
Net cash provided by (used) by operating activities	\$	<u><u>(6,513)</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Tell City (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

Section 8 Housing Choice Vouchers - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

Public Housing and HCV CARES Act - The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, and to maintain normal operations and take other necessary actions during the period the program is impacted by the pandemic.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of HUD, tenants account and accrued interest receivable.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	10-25 years
Leasehold Improvements	3-15 years
Furniture, equipment and machinery - dwelling	3-10 years
Furniture, equipment and machinery - administrative	3-10 years

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity - (Continued)

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the security deposit fund under the Public and Indian Housing program and restricted cash under HCV-CARES program.

Compensated Absences

The Authority's policies regarding vacation time permits employees to carry forward unused vacation leave till Dec 31st each year. Hence, the liability for these compensated absences is recorded all as short-term liabilities.

Equity Classifications

Equity is classified as net position and displayed in two components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Public Housing CARES Act	U.S. Department of Housing and Urban Development
HCV CARES Act	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
Section 8 Housing Choice Vouchers	Housing assistance payment
Public Housing and HCV CARES Act	COVID related expenses

For the year ended June 30, 2021, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

As of June 30, 2021, the Authority had the following cash deposits:

Cash deposits	\$ 339,960
Petty cash / Change fund	600
Certificate of deposit	<u>197,521</u>
Total	<u><u>\$ 538,081</u></u>

Following is a reconciliation of the Authority's deposit balances as of June 30, 2021:

Cash and cash equivalents	\$ 301,602
Restricted assets	38,958
Investments	<u>197,521</u>
Total	<u><u>\$ 538,081</u></u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2021, the Authority's bank balances of \$344,899 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2021, the Authority's investment balance of \$197,521 was entirely covered by FDIC or PDIF insurance.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3A. Cash and Investments - (Continued)

Deposits – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2021, the concentration of the Authority's investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 57,411	10/1/2022
Certificate of Deposit	18,535	12/15/2021
Certificate of Deposit	<u>121,575</u>	8/22/2021
Total	<u>\$ 197,521</u>	

3B. Restricted Assets

Restricted assets at June 30, 2021 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Security deposit	\$ 33,893	----	----	\$ 33,893
HCV-CARES	<u>5,065</u>	----	----	<u>5,065</u>
Total	<u>38,958</u>	<u>----</u>	<u>----</u>	<u>38,958</u>

3C. Accounts Receivable

Receivables at June 30, 2021 consist of the following:

Tenant account receivable	\$ 2,859
Allowance for doubtful account	<u>(1,000)</u>
Tenants - net of allowance	1,859
HUD	158,493
Accrued interest	<u>363</u>
Total Accounts Receivable	<u>\$ 160,715</u>

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3D. Inventory

Inventory at June 30, 2021 comprised of the following:

Inventory	\$	25,743
Less: Allowance for obsolete inventory		<u>(257)</u>
Inventory - net of allowance	\$	<u>25,486</u>

3E. Capital Assets

A summary of capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Balance June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 222,531	\$ -	\$ -	\$ 222,531
Total non-depreciable assets	<u>222,531</u>	<u>-</u>	<u>-</u>	<u>222,531</u>
Depreciable assets:				
Building	10,783,493	539,458	-	11,322,951
Equipment - dwelling	39,848	-	-	39,848
Equipment - administration	187,480	16,272	(5,781)	197,971
Leasehold improvements	<u>76,883</u>	<u>-</u>	<u>-</u>	<u>76,883</u>
Total depreciable assets	11,087,704	555,730	(5,781)	11,637,653
Accumulated depreciation	<u>(10,254,517)</u>	<u>(166,131)</u>	<u>1,483</u>	<u>(10,419,165)</u>
Total depreciable assets, net	<u>833,187</u>	<u>389,599</u>	<u>(4,298)</u>	<u>1,218,488</u>
Capital assets, net	<u>\$ 1,055,718</u>	<u>\$ 389,599</u>	<u>\$ (4,298)</u>	<u>\$ 1,441,019</u>

Depreciation expense is charged to programs as follows:

	<u>Business-type Activities</u>
Public and Indian Housing	\$ 163,449
Housing Choice Vouchers	<u>2,682</u>
Total depreciation expense	<u>\$ 166,131</u>

HOUSING AUTHORITY OF THE CITY OF TELL CITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3F. Accounts Payable

Accounts payable at June 30, 2021 consist of the following:

Vendors & contractors	\$ 12,196
Other current liabilities	19,561
Accrued utilities	18,233
PILOT	<u>47,519</u>
Total	<u>\$ 97,509</u>

3G. Prior Period Adjustment

To correct prior year operating transfer from CFP 501-18	<u>\$ (229,856)</u>
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NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Metropolitan Life. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 7% of covered wages. Benefits are fully vested at the end of 5 years of service.

The following information related to the defined contribution plan at June 30, 2021:

Total payroll	\$ 359,261
Payroll for covered employees	\$ 215,928
Employer contributions made	\$ 15,115

4B. Contingencies

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

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 4 – OTHER NOTES - (Continued)

4C. Commitments - Construction

At June 30, 2021, the Authority had the following pending project in progress:

	<u>Funds Approved</u>		<u>Funds Expended - Project to Date</u>
CFP 501-18	\$ 329,492	\$	312,992
CFP 501-19	343,157		145,547
CFP 501-20	367,378		135,137
PH-CARES	44,555		38,065
HCV-CARES	\$ 13,564	\$	8,499

4D. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Indiana Farm Bureau Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Indiana Farm Bureau Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$10,000 deductible.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4E. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation and HAP expense and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4F. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 4 – OTHER NOTES - (Continued)

4F. Subsequent Events -- (Continued)

Management evaluated the activity of the Authority through December 21, 2021 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2022 federal budget.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
June 30, 2021

1. Actual Capital Fund Program costs are as follows:

	<u>501-17</u>
Funds approved	\$ 212,579
Funds expended	<u>212,579</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 212,579
Funds expended	<u>212,579</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated August 19, 2020 submitted to HUD for approval is in agreement with the Authority's records as of June 30, 2021.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 324,210
Public and Indian Housing - Cares Act	14.850	33,513
Public Housing Capital Fund	14.872	559,184
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	243,524
Section 8 Housing Choice Vouchers - Cares Act	14.871	<u>8,499</u>
Total Expenditures of Federal Awards		\$ <u><u>1,168,930</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Tell City, Indiana (Authority) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$165,997		\$135,605		\$301,602		\$301,602
113 Cash - Other Restricted				\$5,065	\$5,065		\$5,065
114 Cash - Tenant Security Deposits	\$33,893				\$33,893		\$33,893
100 Total Cash	\$199,890	\$0	\$135,605	\$5,065	\$340,560	\$0	\$340,560
122 Accounts Receivable - HUD Other Projects	\$151,100	\$1,622	\$5,771		\$158,493		\$158,493
126 Accounts Receivable - Tenants	\$2,859				\$2,859		\$2,859
126.1 Allowance for Doubtful Accounts -Tenants	-\$1,000				-\$1,000		-\$1,000
129 Accrued Interest Receivable	\$363				\$363		\$363
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$153,322	\$1,622	\$5,771	\$0	\$160,715	\$0	\$160,715
131 Investments - Unrestricted	\$197,521				\$197,521		\$197,521
142 Prepaid Expenses and Other Assets	\$33,909				\$33,909		\$33,909
143 Inventories	\$25,743				\$25,743		\$25,743
143.1 Allowance for Obsolete Inventories	-\$257				-\$257		-\$257
144 Inter Program Due From	\$1,622				\$1,622	-\$1,622	\$0
150 Total Current Assets	\$611,750	\$1,622	\$141,376	\$5,065	\$759,813	-\$1,622	\$758,191
161 Land	\$222,531				\$222,531		\$222,531
162 Buildings	\$11,269,480				\$11,269,480		\$11,269,480
163 Furniture, Equipment & Machinery - Dwellings	\$39,848				\$39,848		\$39,848
164 Furniture, Equipment & Machinery - Administration	\$152,871		\$45,100		\$197,971		\$197,971
165 Leasehold Improvements	\$93,235				\$93,235		\$93,235
166 Accumulated Depreciation	-\$10,387,858		-\$31,307		-\$10,419,165		-\$10,419,165
167 Construction in Progress	\$37,119				\$37,119		\$37,119
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,427,226	\$0	\$13,793	\$0	\$1,441,019	\$0	\$1,441,019
180 Total Non-Current Assets	\$1,427,226	\$0	\$13,793	\$0	\$1,441,019	\$0	\$1,441,019
290 Total Assets	\$2,038,976	\$1,622	\$155,169	\$5,065	\$2,200,832	-\$1,622	\$2,199,210

HOUSING AUTHORITY OF THE CITY OF TELL CITY
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FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$12,196				\$12,196		\$12,196
321 Accrued Wage/Payroll Taxes Payable	\$14,952				\$14,952		\$14,952
322 Accrued Compensated Absences - Current Portion	\$15,149				\$15,149		\$15,149
333 Accounts Payable - Other Government	\$47,519				\$47,519		\$47,519
341 Tenant Security Deposits	\$33,893				\$33,893		\$33,893
342 Unearned Revenue	\$10,089		\$705	\$5,065	\$15,859		\$15,859
345 Other Current Liabilities	\$19,561				\$19,561		\$19,561
346 Accrued Liabilities - Other	\$18,233				\$18,233		\$18,233
347 Inter Program - Due To		\$1,622			\$1,622	-\$1,622	\$0
310 Total Current Liabilities	\$171,592	\$1,622	\$705	\$5,065	\$178,984	-\$1,622	\$177,362
300 Total Liabilities	\$171,592	\$1,622	\$705	\$5,065	\$178,984	-\$1,622	\$177,362
508.4 Net Investment in Capital Assets	\$1,427,226		\$13,793		\$1,441,019		\$1,441,019
512.4 Unrestricted Net Position	\$440,158	\$0	\$140,671	\$0	\$580,829		\$580,829
513 Total Equity - Net Assets / Position	\$1,867,384	\$0	\$154,464	\$0	\$2,021,848	\$0	\$2,021,848
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,038,976	\$1,622	\$155,169	\$5,065	\$2,200,832	-\$1,622	\$2,199,210

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$679,028				\$679,028		\$679,028
70400 Tenant Revenue - Other	\$94,472				\$94,472		\$94,472
70500 Total Tenant Revenue	\$773,500	\$0	\$0	\$0	\$773,500	\$0	\$773,500
70600 HUD PHA Operating Grants	\$394,799	\$33,513	\$243,524	\$8,499	\$680,335		\$680,335
70610 Capital Grants	\$488,595				\$488,595		\$488,595
71100 Investment Income - Unrestricted	\$4,270		\$15		\$4,285		\$4,285
71500 Other Revenue	\$3,316				\$3,316		\$3,316
71600 Gain or Loss on Sale of Capital Assets	-\$4,298				-\$4,298		-\$4,298
70000 Total Revenue	\$1,660,182	\$33,513	\$243,539	\$8,499	\$1,945,733	\$0	\$1,945,733
91100 Administrative Salaries	\$120,923	\$4,855	\$8,000		\$133,778		\$133,778
91200 Auditing Fees	\$4,565		\$1,892		\$6,457		\$6,457
91400 Advertising and Marketing	\$9				\$9		\$9
91500 Employee Benefit contributions - Administrative	\$50,397				\$50,397		\$50,397
91600 Office Expenses	\$17,335		\$4,352	\$3,376	\$25,063		\$25,063
91700 Legal Expense	\$1,200				\$1,200		\$1,200
91900 Other	\$10,345		\$3,705		\$14,050		\$14,050
91000 Total Operating - Administrative	\$204,774	\$4,855	\$17,949	\$3,376	\$230,954	\$0	\$230,954
92400 Tenant Services - Other	\$698				\$698		\$698
92500 Total Tenant Services	\$698	\$0	\$0	\$0	\$698	\$0	\$698
93100 Water	\$32,376				\$32,376		\$32,376
93200 Electricity	\$83,176				\$83,176		\$83,176
93300 Gas	\$29,616				\$29,616		\$29,616
93600 Sewer	\$64,417				\$64,417		\$64,417
93000 Total Utilities	\$209,585	\$0	\$0	\$0	\$209,585	\$0	\$209,585
94100 Ordinary Maintenance and Operations - Labor	\$181,593	\$14,507	\$4,000		\$200,100		\$200,100
94200 Ordinary Maintenance and Operations - Materials and Other	\$58,184	\$8,425			\$66,609		\$66,609
94300 Ordinary Maintenance and Operations Contracts	\$161,761				\$161,761		\$161,761
94500 Employee Benefit Contributions - Ordinary Maintenance	\$75,839				\$75,839		\$75,839
94000 Total Maintenance	\$477,377	\$22,932	\$4,000	\$0	\$504,309	\$0	\$504,309

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
95100 Protective Services - Labor	\$6,997				\$6,997		\$6,997
95500 Employee Benefit Contributions - Protective Services	\$2,733				\$2,733		\$2,733
95000 Total Protective Services	\$9,730	\$0	\$0	\$0	\$9,730	\$0	\$9,730
96110 Property Insurance	\$49,042				\$49,042		\$49,042
96120 Liability Insurance	\$8,289				\$8,289		\$8,289
96130 Workmen's Compensation	\$7,835				\$7,835		\$7,835
96140 All Other Insurance	\$2,810				\$2,810		\$2,810
96100 Total insurance Premiums	\$67,976	\$0	\$0	\$0	\$67,976	\$0	\$67,976
96210 Compensated Absences	\$20,632				\$20,632		\$20,632
96300 Payments in Lieu of Taxes	\$47,519				\$47,519		\$47,519
96400 Bad debt - Tenant Rents	\$700				\$700		\$700
96000 Total Other General Expenses	\$68,851	\$0	\$0	\$0	\$68,851	\$0	\$68,851
96900 Total Operating Expenses	\$1,038,991	\$27,787	\$21,949	\$3,376	\$1,092,103	\$0	\$1,092,103
97000 Excess of Operating Revenue over Operating Expenses	\$621,191	\$5,726	\$221,590	\$5,123	\$853,630	\$0	\$853,630
97300 Housing Assistance Payments			\$211,800		\$211,800		\$211,800
97400 Depreciation Expense	\$163,449		\$2,682		\$166,131		\$166,131
90000 Total Expenses	\$1,202,440	\$27,787	\$236,431	\$3,376	\$1,470,034	\$0	\$1,470,034
10010 Operating Transfer In	\$70,589				\$70,589	-\$70,589	\$0
10020 Operating transfer Out	-\$70,589				-\$70,589	\$70,589	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$457,742	\$5,726	\$7,108	\$5,123	\$475,699	\$0	\$475,699
11030 Beginning Equity	\$1,633,772	\$0	\$142,233	\$0	\$1,776,005		\$1,776,005
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$224,130	-\$5,726	\$5,123	-\$5,123	-\$229,856		-\$229,856
11170 Administrative Fee Equity			\$154,464		\$154,464		\$154,464

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11190 Unit Months Available	2388		804		3192		3192
11210 Number of Unit Months Leased	2342		697		3039		3039
11270 Excess Cash	\$294,181				\$294,181		\$294,181
11620 Building Purchases	\$539,458				\$539,458		\$539,458
11640 Furniture & Equipment - Administrative Purchases	\$7,389				\$7,389		\$7,389

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of the City Tell City
Tell City, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Tell City (Authority), Indiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued my report thereon dated December 21, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, I 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Audit Solutions, LLC

Chesterfield, Missouri

December 21, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City of Tell City
Tell City, Indiana

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Tell City (Authority), Indiana’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2021. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In my 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 June 30, 2021.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I 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, I 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.

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

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

Audit Solutions, LLC

Chesterfield, Missouri

December 21, 2021

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Tell City
Tell City, Indiana

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Tell City and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended June 30, 2021 and have issued my report thereon dated December 21, 2021. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated December 21, 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 Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. I have not performed any additional procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

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

Audit Solutions, LLC

Chesterfield, Missouri
December 21, 2021

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

AGREED UPON PROCEDURES
June 30, 2021

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEAR
June 30, 2021

The prior audit report for the year ended June 30, 2020 contained no audit findings.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	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)?	No
<u>Identification of Major programs:</u>	
➤ CFDA #14.872 Public Housing Capital Fund	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

The current audit report for the year ended June 30, 2021 disclosed no Financial Statement audit findings.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended June 30, 2021 disclosed no Federal Awards audit finding and questioned costs.