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STATE BOARD OF ACCOUNTS
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August 4, 2022

Board of Directors
Vincennes Housing Authority
501 Hart Street
Vincennes, IN 47591

We have reviewed the audit report of the Vincennes Housing Authority, which was opined on by Barry E. Gaudette, CPA, PC, 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 Vincennes 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, Barry E. Gaudette, CPA, PC, 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

**VINCENNES HOUSING AUTHORITY
VINCENNES, INDIANA
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021
AND
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

VINCENNES HOUSING AUTHORITY
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INTRODUCTION

*Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686*

Independent Auditor's Report

Board of Commissioners
Vincennes Housing Authority
Vincennes, Indiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Vincennes Housing Authority, Indiana, 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 4 to 8 and the Schedule of the Proportionate Share of the Net Position Liability and the Schedule of Contributions on pages 28 and 29 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 Vincennes Housing Authority, Indiana's basic financial statements. The financial data schedule shown on pages 31 to 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards are 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 our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021, on our consideration of the Vincennes Housing Authority, Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Vincennes Housing Authority, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vincennes Housing Authority, Indiana's internal control over financial reporting and compliance.

Barry E. Gadette, CPA, PC

October 4, 2021

Vincennes Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2021
(Unaudited)

As management of the Vincennes Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Vincennes Housing Authority, 501 Hart Street, Vincennes, Indiana, (812) 882-5494.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$8,695,352 (net position).

The Authority's cash balance at June 30, 2021, was \$1,434,262 representing an increase of \$236,105 from June 30, 2020 balance of \$1,198,157.

The Authority had operating revenues of \$872,989, Department of Housing and Urban Development (HUD) grants of \$2,663,517, capital grants of \$342,844, investment income of \$3,302 and other revenues of \$40,343 for the year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Position – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

FUTURE EVENTS (NEW BUSINESS)

There are no future events planned by the Authority during the fiscal year ended June 30, 2021 that will significantly affect the Authority's Net Assets either positively or negatively.

Vincennes Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2021
(Unaudited)

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position (Statement of Net Position)

Total Current Assets for FYE 2021 were \$1,587,693, and at FYE 2020 the amount was \$1,345,415. This represents an increase of \$242,278.

Total Capital Assets decreased by \$181,760. At FYE 2021 and FYE 2020, the amounts were \$7,727,846 and \$7,909,606, respectively.

Total Liabilities decreased by \$48,100, due to a decrease in unearned revenue and accrued pension.

Revenues decreased by \$126,471 from FYE June 30, 2020. The decrease is mostly due to a decrease in HUD operating grants.

Total Expenses decreased by \$280,933 which is mostly due to an decrease in employee benefits and housing assistance payments.

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>Percent Variances</u>
Cash	\$ 1,434,262	\$ 1,198,157	\$ 236,105	19.7%
Other Current Assets	153,431	147,258	6,173	4.2%
Capital Assets	<u>7,727,846</u>	<u>7,909,606</u>	<u>(181,760)</u>	-2.3%
Total Assets	9,315,539	9,255,021	60,518	0.7%
Deferred Outflows of Resources	<u>155,084</u>	<u>132,999</u>	<u>22,085</u>	16.6%
TOTAL	\$ 9,470,623	\$ 9,388,020	\$ 82,603	0.9%
Current Liabilities	\$ 249,614	\$ 247,196	\$ 2,418	1.0%
Long Term Liabilities	<u>414,780</u>	<u>465,298</u>	<u>(50,518)</u>	-10.9%
Total Liabilities	664,394	712,494	(48,100)	-6.8%
Deferred Inflows of Resouces	<u>110,877</u>	<u>97,569</u>	<u>13,308</u>	13.6%
Net Investment in Capital Assets	7,727,846	7,909,606	(181,760)	-2.3%
Restricted Net Assets	60,016	67,832	(7,816)	-11.5%
Unrestricted Net Assets	<u>907,490</u>	<u>600,519</u>	<u>306,971</u>	51.1%
Total Net Assets	8,695,352	8,577,957	117,395	1.4%
TOTAL	\$ 9,470,623	\$ 9,388,020	\$ 82,603	0.9%

Vincennes Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2021
(Unaudited)

Analysis of Entity Wide Revenues (Statement of Activities)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2021 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$2,093,678
Section 8 Vouchers	\$1,466,233
Capital Funds Program	\$342,844
Business Activities	\$13,411
State and Local	\$4,808

Total revenues for Fiscal Year Ending June 30, 2021 were \$3,922,995 as compared to the total revenues for Fiscal Year Ending June 30, 2020 of \$4,049,466. Comparatively, Fiscal Year Ending 2021 revenues were less than Fiscal Year Ending 2020 revenues by \$126,471.

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>Percent Variances</u>
Total Tenant Revenue	\$ 872,989	\$ 878,754	\$ (5,765)	-1%
HUD Operating Grants	2,663,517	2,848,654	(185,137)	-7%
HUD Capital Grants	342,844	273,513	69,331	25%
Investment Income	1,884	7,085	(5,201)	-73%
Fraud recovery	1,418	1,057	361	34%
Other Revenue	40,343	40,403	(60)	0%
Total Revenue	\$ 3,922,995	\$ 4,049,466	\$ (126,471)	-3%

Vincennes Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2021
(Unaudited)

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending June 30, 2021 were \$3,805,600 as compared to \$ 4,086,533 of total expenditures for Fiscal Year Ending June 30, 2020. Comparatively, Fiscal Year Ending 2021 expenditures were less than Fiscal Year Ending 2020 expenditures by \$280,933. Changes by major expense category will be presented below.

Administrative expenditures decreased by \$119,560 or 16%. There was a decrease in salaries and employee benefits.

Tenant services increased by \$5,032 due to more tenant supplies relating to COVID.

Utilities increased by \$8,431 or 2% due to normal fluctuations in usage and costs and a mild winter.

General expenditures decreased by \$43,440 or 17%.

Extraordinary Maintenance decreased by \$26,766 or 37%. This was mostly due to a decrease in tree trimming and plumbing repairs.

Housing Assistance Payments decreased by \$110,852 or 8% due to a decrease in HUD funding and the related number of units that could be funded.

The table below illustrates our analysis:

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	\$ 618,708	\$ 738,268	\$ (119,560)	-16%
Tenant Services	5,705	673	5,032	748%
Utilities	392,311	383,880	8,431	2%
Maintenance	726,191	717,848	8,343	1%
Protective Services	4,440	5,160	(720)	-14%
General Expense	211,210	254,650	(43,440)	-17%
Extraordinary Maintenance	46,216	72,982	(26,766)	-37%
Housing Assistance Payments	1,276,216	1,387,068	(110,852)	-8%
Depreciation Expense	524,603	526,004	(1,401)	0%
Total Expenses	<u>\$ 3,805,600</u>	<u>\$ 4,086,533</u>	<u>\$ (280,933)</u>	-7%

Vincennes Housing Authority
Management's Discussion and Analysis (MD&A)
June 30, 2021
(Unaudited)

BUDGETARY ANALYSIS

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles. Program budgets for the Section 8 Programs are approved by the U.S. Department of Housing and Urban Development.

The Authority prepares a budget on a calendar year because HUD is based on calendar year. Therefore, it is difficult to create a budgetary analysis since the Authority's budget is based on a calendar year and the audit is based on fiscal year ending June 30. The Authority is permitted four years to expend capital funds. Income is only recognized as funds are expended.

ANALYSIS OF CAPITAL ASSET ACTIVITY

As of June 30, 2021, the Authority's investment in capital assets was \$7,727,846 (net of accumulated depreciation). The investment includes land, buildings, and equipment. See notes to the financial statements for addition disclosures on capital assets. Capital outlays for the year were \$342,844 consisting of the following purchases:

- Door locks 2-2, 2-3, and 2-4 \$160,042
- Asphalt parking lots-all sites \$74,012
- Snowguards 2-3 \$14,859
- Fence repair \$11,101
- Shower installs 2-3 and 2-4 \$45,688
- Two-way radio \$4,999
- 2 drain augers \$3,192
- Kubota \$16,300
- Other building improvements \$12,651

	2021	2020	Net Change	Percent Variance
Land	\$ 400,156	\$ 400,156	\$ -	0.0%
Buildings	23,665,387	23,347,035	318,352	1.4%
Furniture, Equipment, & Machinery - Dwelling	1,471,177	1,463,997	7,180	0.5%
Furniture, Equipment, & Machinery - Admin	66,760	66,760	0	0.0%
Total Fixed Assets	25,603,480	25,277,948	325,532	1.3%
Accumulated Depreciation	17,875,634	17,368,342	507,292	2.9%
Net Fixed Assets	\$ 7,727,846	\$ 7,909,606	\$ (181,760)	-2.3%

DEBT ACTIVITY

The Housing Authority had no outstanding debt in 2021 or 2020.

FINANCIAL STATEMENTS

Vincennes Housing Authority
Statement of Net Position
June 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,434,262
Accounts receivable-tenants, net	14,741
Prepaid expenses	67,198
Inventories, net	71,492
Total Current Assets	1,587,693

Capital Assets:

Land	400,156
Buildings	23,665,387
Equipment	1,537,937
	25,603,480
Less: accumulated depreciation	(17,875,634)
Net Capital Assets	7,727,846

Deferred Outflow of Resources	155,084
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Total Assets	\$ 9,470,623
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LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 48,470
Accrued expenses	58,180
Tenant security deposit liability	40,115
Other current liabilities	23,713
Unearned revenue	79,136
Total Current Liabilities	249,614

Non-Current Liabilities:

Non-current liabilities – other	34,513
Accrued pension	380,267
	414,780

Total Non-Current Liabilities	414,780
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Total Liabilities	664,394
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Deferred inflow of resources	110,877
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Net Position:

Net investment in capital assets	7,727,846
Restricted net position	60,016
Unrestricted net position	907,490
Total Net Position	8,695,352

Total Liabilities and Net Position	\$ 9,470,623
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See notes to financial statements

**Vincennes Housing Authority
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended June 30, 2021**

OPERATING REVENUES:

Dwelling rent	\$ 777,805
Tenant rent-other	95,184
Operating grants	<u>2,663,517</u>
Total operating revenues	<u>3,536,506</u>

OPERATING EXPENSES:

Administrative	618,708
Tenant services	5,705
Utilities	392,311
Maintenance	726,191
Protective services	4,440
Insurance	122,493
General expenses	88,717
Extraordinary maintenance	46,216
Housing assistance payments	1,276,216
Depreciation	<u>524,603</u>
Total operating expenses	<u>3,805,600</u>
Operating income (loss)	<u>(269,094)</u>

NONOPERATING REVENUES:

Investment interest income - Unrestricted	140
Fraud recovery	1,418
Other revenue	40,343
Investment interest income - Restricted	<u>1,744</u>
Total non operating revenues	<u>43,645</u>

CAPITAL CONTRIBUTIONS

	<u>342,844</u>
Change in net position	117,395
Net Position, beginning	<u>8,577,957</u>
Net Position, ending	<u><u>\$ 8,695,352</u></u>

See notes to financial statements

Vincennes Housing Authority
Statement of Cash Flows
Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from dwelling and non dwelling rents	\$ 862,039
Cash received from operating grants	2,663,967
Cash payments to other suppliers of goods and services	(2,273,109)
Cash payments to employees for services	(1,012,818)
Cash payments for payments in lieu of taxes	<u>(49,811)</u>
Net cash provided by operating activities	<u>190,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Other revenue	40,343
Fraud recovery	1,170
Tenant security deposits	<u>2,440</u>
Net cash provided by noncapital financing activities	<u>43,953</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments for capital acquisitions	(342,844)
Capital grants	<u>342,844</u>
Net cash provided by capital and related financing activities	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest income - unrestricted	<u>1,884</u>
Net cash provided by investing activities	<u>1,884</u>
Net increase (decrease) in cash	236,105
Cash and cash equivalents, beginning	<u>1,198,157</u>
Cash and cash equivalents, ending	<u><u>\$ 1,434,262</u></u>

See notes to financial statements

Vincennes Housing Authority
Statement of Cash Flows (Continued)
Year Ended June 30, 2021

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

Operating income (loss)	\$	(269,094)
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		524,603
Allowance for doubtful accounts		(178)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		(2,094)
Accounts receivable-HUD		450
Accounts receivable-misc		(0)
Prepaid expenses		(239)
Inventories		(3,864)
Deferred outflow of resources		(22,085)
Increase (decrease) in liabilities:		
Accounts payable-trade		(1,237)
Accrued wages/payroll taxes payable		6,255
Accrued compensated absences		7,339
Accrued liabilities - other		(12)
Other current liabilities		(2,335)
Accounts payable-PILOT		(1,353)
Unearned revenue		(8,678)
Accrued pension		(50,052)
Non-current liabilities-other		(466)
Deferred inflow of resources		13,308
		13,308
Net cash provided by operating activities	\$	190,268

See notes to financial statements

Vincennes Housing Authority
Notes to Financial Statements
June 30, 2021

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vincennes Housing Authority (“VHA” or “Housing Authority”) is an independent municipal entity created by the City of Vincennes pursuant to Indiana state law and the National Housing Act of 1937. Although the Housing Authority maintains close ties with the City of Vincennes in several respects, the Housing Authority is not a component unit of the City, as defined by the Governmental Accounting Standards Board, since the City is not financially accountable for the operations of the Housing Authority, and has no responsibility to fund its deficits or receive its surpluses. The Housing Authority operates under a Board of Commissioner form of government to provide safe and decent housing for eligible low and moderate income families and elderly individuals. The Board is comprised of seven members, all City residents, appointed by the City Mayor. The Board appoints an Executive Director who acts as the Secretary of the Housing Authority.

1. Reporting Entity

The Housing Authority’s financial statements include the accounts of all of the Housing Authority’s operations. The Housing Authority maintains its accounting records by program and operates the following programs:

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 347 federal public housing units through this program.

Public Housing Capital Fund

HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Housing Authority under the Low Income Public Housing Program. A designated portion of these funds may also be used to support operations and to make improvements in the management and operation of the Housing Authority’s Low Income Public Housing Program.

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Section 8 Housing Choice Vouchers

HUD provides grants to the Housing Authority to subsidize rents paid by low income families and issued vouchers affording them choices in renting from private landlords. The Housing Authority subsidizes the landlord for the differences between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard. This program provided rental assistance to approximately 372 families and individuals this year.

2. Basis of Presentation and Accounting

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

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

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

3. Budgets and Budgetary Accounting

The Housing Authority adopts a formal operating budget each year for its operating programs and on a project-length basis for its capital expenditures, which are approved by the board of Commissioners and submitted to the U.S. Department of Housing and Urban Development for their approval, if required.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts. The cash equivalents are recorded at cost, which approximates market.

5. Tenant Accounts Receivable and Allowance for Bad Debts

Accounts receivable have been adjusted for all known uncollectible accounts.

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Prepaid Expenses

Prepaid expenditures, such as insurance premiums and deferred costs, which are expected to be written off within the next fiscal year, are included in net current assets.

7. Compensated Absences

Housing Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days according to contract or personnel policies. In the event of termination by retirement or death, an employee is paid for accumulated sick days according to contract or personnel policies.

8. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended June 30, 2021, there were no inter-program receivables and payables due from any of the programs and there was \$161,134 in operating transfers.

9. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	7	-	40 years
Equipment	5	-	15 years
Building improvements	7	-	40 years

Land and land improvements include approximately \$400,156 of capitalized land that is not subject to depreciation.

10. Income Taxes

The Housing Authority is a quasi-governmental entity. The Housing Authority is not subject to Federal or State income taxes.

11. Inventories

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

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Operating Revenues and Expenses

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

13. Operating and Non-operating Revenues

The Authority's policy defines operating revenues as rents, excess utilities, and other service charges to tenants. Federal subsidies, capital grants, interest income, and unusual revenues are classified as nonoperating revenues.

14. Use of Estimates

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

15. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will, when applicable, report separate sections for deferred outflows or resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources* a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

16. Unearned Revenue

The Housing Authority reports unearned revenue in connection with resources that have been received, but not yet earned.

17. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

18. Net Position

Net positions are comprised of three categories (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The Housing Authority's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which

NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. Net Position (Continued)

both restricted and unrestricted net position is available, the Housing Authority's policy is to first apply restricted resources. Each component of net position is reported separately on the statement of net position.

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

19. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including October 4, 2021, which is the date the financial statements were available to be issued.

NOTE B: CASH AND CASH EQUIVALENTS

Indiana Code authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Indiana. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Indiana or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Indiana.

The Housing Authority has designated one bank for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of the following:

Cash – operations	\$ 1,434,262
Total	<u>\$ 1,434,262</u>

NOTE B: CASH AND CASH EQUIVALENTS (CONTINUED)

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of June 30, 2021:

Bank deposits (checking, savings, and treasury obligation accounts)	\$ 1,434,162
Petty cash	<u>100</u>
Total	<u>\$ 1,434,262</u>

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it. At year end, the Housing Authority had no bank deposits that were uninsured and uncollateralized.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance 06/30/20</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 06/30/21</u>
Low Rent Program				
Land	\$ 400,156	\$ 0	\$ 0	\$ 400,156
Buildings	23,347,035	318,352	0	23,665,387
Furniture, equipment & machinery - dwellings	1,409,495	7,180	0	1,416,675
Furniture, equipment & machinery - administration	66,760	0	0	66,760
	<u>25,223,446</u>	<u>\$ 325,532</u>	<u>\$ 0</u>	<u>25,548,978</u>
Less accumulated depreciation	<u>(17,323,355)</u>	<u>\$ (522,721)</u>	<u>\$ 17,311</u>	<u>(17,828,765)</u>
Total	<u>\$ 7,900,091</u>			<u>\$ 7,720,213</u>
State/Local Program				
Furniture, equipment & machinery - dwellings	\$ 9,109	\$ 0	\$ 0	\$ 9,109
	<u>9,109</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>9,109</u>
Less accumulated depreciation	<u>(1,783)</u>	<u>\$ (1,301)</u>	<u>\$ 0</u>	<u>(3,084)</u>
Total	<u>\$ 7,326</u>			<u>\$ 6,025</u>

NOTE C: CAPITAL ASSETS (continued)

Business Activities Program

Furniture, equipment

& machinery -
administration

	\$	45,393	\$	0	\$	0	\$	45,393
		<u>45,393</u>		<u>\$ 0</u>		<u>\$ 0</u>		<u>45,393</u>
Less accumulated depreciation		<u>(43,204)</u>		<u>\$ (581)</u>		<u>\$ 0</u>		<u>(43,785)</u>
Total	\$	<u>2,189</u>					\$	<u>1,608</u>

Combined Totals

\$ 7,727,846

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities:

Low Rent Program	\$	522,721
State/Local Program		1,301
Business Activity Program		581
	\$	<u>524,603</u>

NOTE D: NON-CURRENT LIABILITIES

As of June 30, 2021, the non-current liabilities are comprised of the following:

Accrued pension	\$	380,267
Non-current liabilities - other		34,513
	\$	<u>414,780</u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2021:

	<u>Balance</u> <u>06/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/21</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Accrued pension	\$ 430,319	\$ 0	\$ (50,052)	\$ 380,267	\$ 0
Non-current liabilities - other	<u>34,979</u>	<u>0</u>	<u>(466)</u>	<u>34,513</u>	<u>0</u>
	<u>\$ 465,298</u>	<u>\$ 0</u>	<u>\$ (50,518)</u>	<u>\$ 414,780</u>	<u>\$ 0</u>

NOTE E: COMMITMENTS AND CONTINGENCIES

Commitments – Construction

At June 30, 2021, the Housing Authority had the following capital fund grants:

	<u>IN36P002501-18</u>	<u>IN36P002501-19</u>	<u>IN36P002501-20</u>
Funds Approved	\$ 764,517	\$ 796,838	\$ 794,608
Funds Expended	<u>(764,517)</u>	<u>(449,453)</u>	<u>(98,482)</u>
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 347,385</u>	<u>\$ 696,126</u>
Funds Advanced (HUD Grants)	\$ 764,517	\$ 449,453	\$ 98,482
Funds Expended	<u>(764,517)</u>	<u>(449,453)</u>	<u>(98,482)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The audited costs for 2018 agree with the costs shown on the Form HUD-53001

Contingencies

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

NOTE F: RETIREMENT PLAN

Description of Pension Plan

The Public Employees' Retirement Fund (PERF) is a cost-sharing, multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) aspects to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). Currently, the PERF ASA Only Plan is available only to employees of the State.

Membership

PERF members are officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan. The ordinance or resolution is filed with and approved by INPRS. In order to be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions normally requiring performance of service of more than 1,000 hours during a year. Effective July 1, 2008, members who have at least one (1) year of service in both PERF and TRF have the option of choosing from which of these funds they would like to retire.

NOTE F: RETIREMENT PLAN (continued)

Contributions

The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the 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.

Hybrid Plan

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective 7/1/2014 the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

PERF Hybrid Plan

Plan Description

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement. Retirement Benefits – Defined Benefit Pension the PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits (non-ASA) vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A non-vested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited 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

NOTE F: RETIREMENT PLAN (continued)

PERF Hybrid Plan

Plan Description (continued)

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 (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation. 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. A member retiring early receives a percentage of the normal annual pension benefit.

The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service. Retirement Benefits – Annuity Savings Account Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's State or political subdivision. Investments in the members' annuity savings accounts are individually directed and controlled by plan participants who direct the investment of their account balances among the following eight (8) investment options, with varying degrees of risk and return potential: Guaranteed Fund – This fund's objective is to provide stability of principal and a competitive interest rate. The interest rate is set by the INPRS Board of Trustees each year and is guaranteed for the fiscal year. Market risk is assumed by the Fund. Large Cap Equity Index Fund – This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member. Small/Mid Cap Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member. International Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member. Fixed Income Fund – This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.

NOTE F: RETIREMENT PLAN (continued)

PERF Hybrid Plan

Plan Description (continued)

Inflation-Linked Fixed Income Fund – This fund’s objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member. Target Date Funds – The Funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each Fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the Fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate Fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member. Money Market Fund – This fund’s objective is to provide a market rate of return consistent with the preservation of capital through a shorter maturity, high quality portfolio. Market risk is assumed by the member. Members may make changes to their investment directions daily and investments are reported at fair market value of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an “ad hoc” basis and can only be granted by the Indiana General Assembly. Disability and Survivor Benefits the PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers’ compensation benefits, or receiving employer-provided benefits.

ASA Only Plan

Plan Description

The PERF ASA Only Plan was established by the Indiana Legislature in 2011 with an effective date of February 21, 2013 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12, and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member’s beneficiaries or survivors, after the member’s retirement. PERF ASA Only Plan members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before February 21, 2013 were members of the PERF Hybrid Plan or (2) on or after February 21, 2013 do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the ASA-Only Plan as an option to their employees. Since inception 759 members have selected the ASA Only Plan, or approximately 8 percent of eligible new hires of the State. Currently, the PERF ASA Only Plan is available only to employees of the State. As of July 1, 2017, employees for political subdivisions may be eligible to participate. Retirement Account the PERF ASA Only Plan maintains an annuity savings account for each member. Each member’s account consists of two (2) subaccounts within the annuity savings account structure. There is a member contribution subaccount (which is the same as the annuity savings account in the PERF Hybrid Plan) and an employer contribution subaccount. The member’s contribution subaccount consists of the member’s contributions, set by statute at three (3) percent of covered payroll as defined by IC 5-10.3-12-23 plus the interest/earnings or losses credited to the member’s contribution subaccount. The State shall pay the member’s contributions on behalf of the member. The employer contribution subaccount consists of the employer’s contributions and the earnings on the employer’s contributions. The employer contribution rate is set by INPRS Board of Trustees in accordance with IC 5-10.2-2-11. The PERF ASA

NOTE F: RETIREMENT PLAN (continued)

Only Plan allows members to actively participate in managing their retirement benefits through self directed investment options. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. The members can direct their investments among the following aforementioned eight (8) investment options: Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Stable Value Fund, and Target Date Funds. A description of each of these Funds is earlier in this note in the PERF Hybrid Plan Retirement Benefits – Annuity Savings Account section, except for the Stable Value Fund: Stable Value Fund (available only to PERF ASA Only members) - This fund's objective is to provide a market rate of return consistent with the preservation of principal through a shorter maturity, high quality portfolio. A member is immediately vested in the member contribution subaccount. In order to receive contributions and earnings from the employer contribution subaccount, a member must meet vesting requirements (full years of participation) to qualify for a distribution.

The vesting schedule is as follows: disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent. Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later,

One (1) year of participation = 20%
Two (2) years of participation = 40%
Three (3) years of participation = 60%
Four (4) years of participation = 80%
Five (5) years of participation = 100%

A member who terminates service with their employer is entitled to withdraw the total amount in the member contribution subaccount. In addition, the member is entitled to withdraw amounts in the employer contribution subaccount to the extent the member is vested in this account. The member must be separated from employment for at least 30 days before the member may take a withdrawal from the member's account. The amount available for withdrawal is the fair value of the participant's account on the processing date. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees as a monthly annuity provided through INPRS. If a member becomes disabled while in active service, subject to the member providing proof of the member's qualification for social security disability benefits to the Board of Trustees, a member may withdraw the total amount in the member contribution subaccount. To the extent that the member is vested, the member may make a withdrawal from the member's employer subaccount. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or a monthly annuity provided through INPRS if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees. If a member dies while in active service or after terminating service in a position covered by the PERF ASA Only Plan, but before withdrawing the member's account, all of the member's contribution subaccount, and to the extent that the member is vested, the employer contribution subaccount, will be paid to the beneficiary

NOTE F: RETIREMENT PLAN (continued)

or beneficiaries designated by the member. The amount available for payment is the fair value of the participant's account. The beneficiary may elect to have member's account paid as a lump sum, a direct rollover to another eligible retirement plan, or as a monthly annuity in accordance with the rules of the INPRS Board of Trustees. The monthly annuity is an option only on or after the beneficiary attains normal retirement age and meets other criteria established by the INPRS Board of Trustees. If a member dies in the line of duty while in active service, the designated beneficiary or beneficiaries or surviving spouse or dependents, are entitled to payment of the member's account as described above. In addition, if the member was not fully vested in the employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

Basis of Accounting

The financial statements of INPRS have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

Net Pension Liability

At June 30, 2021 and 2020, the Housing Authority reported a liability of \$380,267 and \$430,319, respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Type of Plan	The Public Employees' Retirement Fund is a cost-sharing multiple employer plan for GASB accounting purposes.
Measurement Date	June 30, 2020
Valuation Date	June 30, 2020
Inflation	2.25%
Salary Increases	2.75% - 8.75% based on service
Cost-of-Living Increases	In lieu of a COLA on January 1, 2021, members in pay were provided a 13 th check on October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed. 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039

NOTE F: RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

Mortality	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Healthy Employees- General Employees table with a 3 year set forward for males and 1 year set forward for females. Retirees- General Retiree table with a 3 year set forward for males and a 1 year set forward for females. Beneficiaries- Contingent Survivor table with no set forward for males and a 2 year set forward for females. Disableds- General Disabled table with a 140% load.
Experience Study	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.
Discount Rate	6.75%, net of investment expenses

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

<u>1% Decrease (5.75%)</u>	<u>Discount rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
\$619,966	\$380,267	\$179,501

Pension Expense

For the year ended June 30, 2020, the Housing Authority recognized pension expense of \$19,834, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

NOTE F: RETIREMENT PLAN (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$ 6,737	\$ 5,106
Net differences between projected and actual investment earnings on pension plan investments	32,545	0
Change of Assumptions	0	79,232
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,433	26,539
Total	\$ 55,715	\$ 110,877

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in 2020:

	Amortization of net deferred outflows/(inflows) of resources – debit/(credit)
2021	\$ (48,330)
2022	(11,140)
2023	(9,516)
2024	13,824
2025	0
Thereafter	0
Total	\$ (55,162)

The information presented above has not been audited.

NOTE G: RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Authority carries commercial insurance coverage to cover this risk. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Vincennes Housing Authority
Schedule of the Housing Authority's Proportionate Share of the Net Pension Liability
June 30, 2021

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Vincennes Housing Authority's proportion of the net pension liability	.0001341	.0001379	.0001217	.0001302	.0001259
Vincennes Housing Authority's proportionate share of the net pension liability	\$ 608,605	\$ 615,247	\$ 413,420	\$ 430,319	\$ 380,267
Vincennes Housing Authority's covered employee payroll	642,737	684,186	621,042	678,198	679,456
Vincennes Housing Authority's proportionate share of the net position liability as a percentage of its covered employee payroll	94.69%	89.92%	66.57%	63.45%	55.96%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of June 30, 2020

Vincennes Housing Authority
Schedule of the Housing Authority's Contributions
June 30, 2021

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 71,986	\$ 76,629	\$ 69,557	\$ 75,958	\$ 76,099
Contributions in relation to the contractually Required contribution	<u>71,986</u>	<u>76,629</u>	<u>69,557</u>	<u>75,958</u>	<u>76,099</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Vincennes Housing Authority's covered employee payroll	\$ 642,737	\$ 684,186	\$ 621,042	\$ 678,198	\$ 679,456
Contributions as a percentage of covered Employee payroll	11.20%	11.20%	11.20%	11.20%	11.20%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of June 30, 2020

OTHER INFORMATION

*Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686*

Independent Accountant's Report on Applying Agree-Upon Procedure

To the Board of Commissioners
Vincennes Housing Authority

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Vincennes Housing Authority (the "Housing Authority") and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Housing Authority and the U.S. Department of Housing and Urban Development, PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

This agreed-upon procedure 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 *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 whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. 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 the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Vincennes Housing Authority as of and for the year ended June 30, 2021, and have issued our reports thereon dated October 4, 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 supplementary information dated June 30, 2021, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

Independent Accountant’s Report on Applying Agreed-Upon Procedure

Page Two

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor’s reports, is available in its entirety from the Vincennes Housing Authority. 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, PIH-REAC.

The purpose of this report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the “UFRS Rule Information” column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Barry E. Gadette, CPA, PC

October 4, 2021

ATTACHMENT TO INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURE

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Business Sheet, Revenue and Expense and Cash Flow Data	Financial Data Templates (i.e. the Financial Data Schedule)	X	
2	Footnotes	Footnotes to Audited Basic Financial Statements	X	
3	Type of Opinion on the Financial Statements and Compliance	Auditor’s Reports on the Financial Statements and Compliance	X	
4	Type of Opinion on Financial Data Templates	Auditor’s Supplemental Report on Financial Data Templates	X	

Vincennes Housing Authority
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended June 30, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor	Type	Federal CFDA #	Expenditures
<u>U.S. Department of HUD</u>			
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	A – Major	14.871	\$ 1,250,771
Ongoing Administrative Fees Earned	B – Major	14.871	152,615
FSS Coordinator Grant	B – Nonmajor	14.896	<u>44,509</u>
Subtotal Housing Voucher Cluster			1,447,895
HCV CARES Act Funding	B – Major	14.HCC	35,722
Public and Indian Housing:			
Public Housing Program	A – Major	14.850	931,650
Public Housing CARES Act	B – Major	14.PHC	43,383
Public Housing Capital Fund	B – Major	14.872	<u>581,412</u>
Total Federal Financial Awards			<u>\$ 3,040,062</u>
Threshold for Type A/Type B Program			<u>\$ 750,000</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended June 30, 2021. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the Housing Authority.

Indirect Cost Rate - - The Authority did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Vincennes Housing Authority
Financial Data Schedule
Year Ended June 30, 2021

FDS Line Item No.		Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	State/Local
	ASSETS			
	Current assets:			
111	Cash-unrestricted	\$ 1,094,392	\$ 62,705	\$ 97,110
113	Cash-other restricted	23,047	34,513	0
114	Cash-tenant security deposits	40,115	0	0
100	Total cash	<u>1,157,554</u>	<u>97,218</u>	<u>97,110</u>
	Receivables:			
122	A/R-tenants-HUD	0	0	0
125	A/R-tenants-Misc	0	0	656
126	A/R-tenants-dwelling rents	8,698	0	0
126.1	Allowance for doubtful accounts	(0)	0	0
128	Fraud Recovery	0	5,387	0
120	Total receivables, net	<u>8,698</u>	<u>5,387</u>	<u>656</u>
	Other Current Assets:			
142	Prepaid expenses	67,198	0	0
143	Inventories	71,992	0	0
143.1	Allowance for obsolete inventories	(500)	0	0
	Total other current assets	<u>138,690</u>	<u>0</u>	<u>0</u>
150	Total current assets	<u>1,304,942</u>	<u>102,605</u>	<u>97,766</u>
	Noncurrent Assets:			
	Fixed Assets:			
161	Land	400,156	0	0
162	Buildings	23,665,387	0	0
163	Furn. equip & mach-dwellings	1,416,675	0	9,109
164	Furn, equip & mach-admin	66,760	0	0
166	Accumulated depreciation	(17,828,765)	0	(3,084)
160	Total fixed assets, net	<u>7,720,213</u>	<u>0</u>	<u>6,025</u>
180	Total non-current assets	<u>7,720,213</u>	<u>0</u>	<u>6,025</u>
200	Deferred outflow of resources	<u>119,415</u>	<u>35,669</u>	<u>0</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 9,144,570</u>	<u>\$ 138,274</u>	<u>\$ 103,791</u>

Business Activities	HCV CARES Act Funding 14.HCC	Total
\$ 16,385	\$ 0	\$ 1,270,592
0	65,995	123,555
0		40,115
<u>16,385</u>	<u>65,995</u>	<u>1,434,262</u>
0	0	0
0	0	656
0	0	8,698
0	0	(0)
0	0	5,387
<u>0</u>	<u>0</u>	<u>14,741</u>
0	0	67,198
0	0	71,992
0	0	(500)
<u>0</u>	<u>0</u>	<u>138,690</u>
<u>16,385</u>	<u>65,995</u>	<u>1,587,693</u>
0	0	400,156
0	0	23,665,387
45,393	0	1,471,177
0	0	66,760
<u>(43,785)</u>	<u>0</u>	<u>(17,875,634)</u>
<u>1,608</u>	<u>0</u>	<u>7,727,846</u>
<u>1,608</u>	<u>0</u>	<u>7,727,846</u>
<u>0</u>	<u>0</u>	<u>155,084</u>
<u>\$ 17,993</u>	<u>\$ 65,995</u>	<u>\$ 9,470,623</u>

Vincennes Housing Authority
Financial Data Schedule
(Continued)
Year Ended June 30, 2021

FDS Line Item No.	Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	State/Local
LIABILITIES and NET POSITION			
Current liabilities:			
312	\$ 12	\$ 0	\$ 0
321	20,212	0	0
322	37,968	0	0
333	48,458	0	0
341	40,115	0	0
342	13,141	0	0
345	23,057	0	0
310	<u>182,963</u>	<u>0</u>	<u>0</u>
Non-current liabilities:			
353	0	34,513	0
357	292,806	87,461	0
350	<u>292,806</u>	<u>121,974</u>	<u>0</u>
300	<u>475,769</u>	<u>121,974</u>	<u>0</u>
400	<u>85,375</u>	<u>25,502</u>	<u>0</u>
Net Position:			
508.4	7,720,213	0	6,025
511.4	0	60,016	0
512.4	863,213	(69,218)	97,766
513	<u>8,583,426</u>	<u>(9,202)</u>	<u>103,791</u>
600	<u>\$ 9,144,570</u>	<u>\$ 138,274</u>	<u>\$ 103,791</u>

Business Activities	HCV CARES Act Funding 14.HCC	Total
\$ 0	\$ 0	\$ 12
0	0	20,212
0	0	37,968
0	0	48,458
0	0	40,115
0	65,995	79,136
656	0	23,713
<u>656</u>	<u>65,995</u>	<u>249,614</u>
0	0	34,513
0	0	380,267
<u>0</u>	<u>0</u>	<u>414,780</u>
<u>656</u>	<u>65,995</u>	<u>664,394</u>
<u>0</u>	<u>0</u>	<u>110,877</u>
1,608	0	7,727,846
0	0	60,016
<u>15,729</u>	<u>0</u>	<u>907,490</u>
<u>17,337</u>	<u>0</u>	<u>8,695,352</u>
<u>\$ 17,993</u>	<u>\$ 65,995</u>	<u>\$ 9,470,623</u>

Vincennes Housing Authority
Financial Data Schedule
(Continued)
Year Ended June 30, 2021

FDS Line Item No.		Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872
Revenues				
70300	Net tenant rental revenue	\$ 777,805	\$ 0	\$ 0
70400	Tenant revenue-other	95,184	0	0
70500	Total tenant revenue	872,989	0	0
70600	HUD PHA operating grants	931,650	1,447,895	238,568
70610	Capital Grants	0	0	342,844
71100	Investment income – unrestricted	0	0	0
71400	Fraud recovery	0	1,418	0
71500	Other revenue	5,344	16,920	0
72000	Investment income – restricted	1,744	0	0
70000	Total Revenue	1,811,727	1,466,233	581,412
Expenses				
Administrative:				
91100	Administrative salaries	204,762	150,941	36,696
91200	Auditing fees	6,750	1,416	0
91500	Employee benefit contributions	93,026	22,281	0
91600	Office expenses	26,689	2,654	0
91700	Legal expense	7,520	0	0
91900	Other	25,922	0	0
91000	Total operating-administrative	364,669	177,292	36,696
92400	Tenant services – other	0	0	3,412
Utilities:				
93100	Water	134,024	0	0
93200	Electricity	174,040	2,654	0
93300	Gas	81,593	0	0
93000	Total utilities	389,657	2,654	0
Ordinary maintenance and operations:				
94100	Labor	288,921	0	0
94200	Materials and other	72,688	0	37,326
94300	Contracts	175,755	0	0
94500	Employee benefit contributions	138,055	0	0
94000	Total maintenance	675,419	0	37,326
Protective services:				
95100	Labor	4,440	0	0
95000	Total protective services	4,440	0	0

Public Housing CARES Act 14.PHC	HCV CARES Act Funding 14.HCC	State/Local	Business Activities	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 777,805
0	0	0	0	95,184
0	0	0	0	872,989
43,383	2,021	0	0	2,663,517
0	0	0	0	342,844
0	0	140	0	140
0	0	0	0	1,418
0	0	4,668	13,411	40,343
0	0	0	0	1,744
43,383	2,021	4,808	13,411	3,922,995
14,033	0	0	0	406,432
0	0	0	0	8,166
5,422	0	0	0	120,729
7,640	0	0	0	36,983
0	0	0	0	7,520
2,570	0	10,307	79	38,878
29,665	0	10,307	79	618,708
272	2,021	0	0	5,705
0	0	0	0	134,024
0	0	0	0	176,694
0	0	0	0	81,593
0	0	0	0	392,311
9,831	0	0	0	298,752
0	0	0	0	110,014
0	0	0	0	175,755
3,615	0	0	0	141,670
13,446	0	0	0	726,191
0	0	0	0	4,440
0	0	0	0	4,440

Vincennes Housing Authority
Financial Data Schedule
(Continued)
Year Ended June 30, 2021

FDS Line Item No.	Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872
Expenses (continued)			
Insurance:			
96110	Property insurance	44,267	0
96120	Liability insurance	63,117	0
96130	Workmen's compensation	11,461	3,648
96140	All other insurance	0	0
96100	Total insurance premiums	<u>118,845</u>	<u>3,648</u>
Other general expenses:			
96210	Compensated absences	37,648	0
96300	Payments in lieu of taxes	38,457	0
96400	Bad debt – tenant rents	12,612	0
96000	Total other general expenses	<u>88,717</u>	<u>0</u>
96900	Total operating expenses	<u>1,641,747</u>	<u>183,594</u>
97000	Excess revenue over operating expenses	<u>169,980</u>	<u>1,282,639</u>
Other Expenses:			
97100	Extraordinary maintenance	46,216	0
97200	Casualty losses-noncapitalized	0	0
97300	Housing assistance payments	0	1,276,216
97400	Depreciation expense	522,721	0
97500	Fraud Losses	0	0
	Total other expense	<u>568,937</u>	<u>1,276,216</u>
90000	Total expenses	<u>2,210,684</u>	<u>1,459,810</u>
Other Financing Sources (Uses):			
10010	Operating transfers in	161,134	0
10020	Operating transfers out	0	0
		<u>161,134</u>	<u>0</u>
10000	Excess(deficiency) of revenue over(under) expenses	(237,823)	6,423
11030	Beginning net position	<u>8,478,405</u>	<u>(15,625)</u>
	Ending net position	<u>\$ 8,240,582</u>	<u>\$ (9,202)</u>
11170	Administrative fee equity		\$ (69,218)
11180	Housing assistance payments equity		60,016
11190	Unit months available	4,164	4,464
11210	Unit months leased	3,900	3,072

Public Housing CARES Act 14.PHC	HCV CARES Act Funding 14.HCC	State/Local	Business Activities	Total
0	0	0	0	44,267
0	0	0	0	63,117
0	0	0	0	15,109
0	0	0	0	0
0	0	0	0	122,493
0	0	0	0	37,648
0	0	0	0	38,457
0	0	0	0	12,612
0	0	0	0	88,717
43,383	2,021	10,307	79	1,958,565
0	0	(5,499)	13,332	1,964,430
0	0	0	0	46,216
0	0	0	0	0
0	0	0	0	1,276,216
0	0	1,301	581	524,603
0	0	0	0	0
0	0	1,301	581	1,847,035
43,383	2,021	11,608	660	3,805,600
0	0	0	0	161,134
0	0	0	0	(161,134)
0	0	0	0	0
0	0	(6,800)	12,751	117,395
0	0	110,591	4,586	8,577,957
0	0	\$ 103,791	\$ 17,337	\$ 8,695,352

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

*Barry E. Gaudette, CPA, PC
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**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***

To the Board of Housing Commissioners
Vincennes Housing Authority
Vincennes, 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 of the Vincennes Housing Authority, Indiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Vincennes Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated October 4, 2021.

Internal Control Over Financial Reporting

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

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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Barry E. Gaudette, CPA, PC

October 4, 2021

*Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686*

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Housing Commissioners
Vincennes Housing Authority
Vincennes, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Vincennes Housing 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 Vincennes Housing Authority, Indiana's major federal programs for the year ended June 30, 2021. Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Vincennes Housing Authority, Indiana, 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 of the Vincennes Housing Authority, Indiana, 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 Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana'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.

Barry E. Gaudette, CPA, PC

October 4, 2021

**Vincennes Housing Authority
Status of Prior Audit Findings
June 30, 2021**

There were no prior year findings.

Vincennes Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

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

Any audit findings disclosed that are required to be reported in accordance with *Audit Requirements for Federal Awards (Uniform Guidance)*? No

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
14.871	Housing Voucher Cluster
14.850	Public Housing Program
14.872	Public Housing Capital Fund Program

Section II - Findings Related to the Financial Statements

There were no findings which are required to be reported under *Government Auditing Standards*.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs.