



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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August 10, 2022

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

We have reviewed the audit report of the Michigan City Housing Authority, which was opined upon by Velma Butler & Company, Ltd., Independent Public Accountant, for the period October 1, 2020 to September 30, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Michigan City Housing Authority, as of September 30, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Velma Butler & Company, Ltd., prepared the audit report in accordance with 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
MICHIGAN CITY, IN
INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION,
INCLUDING SINGLE AUDIT REPORTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2021

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY, IN

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Michigan City
Michigan City, IN 46360

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Michigan City (the Authority), Indiana, as of and for the year ended September 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

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government business type activities of the Authority, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 to 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. However, we did not audit the information and express no opinion on it.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Velma Butler & Company, Ltd.
Chicago, Illinois

June 24, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Housing Authority of the City of Michigan City, Indiana
621 E Michigan Blvd
Michigan City, IN 46360

To the Board of Commissioners
Housing Authority of the City of Michigan City, Indiana
Michigan City, IN 46360

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Michigan City, Indiana (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on September 30, 2021. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended September 30, 2021. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

- Total assets were \$7.3 million at September 30, 2021, an increased of \$370 thousand from the \$6.9 million at September 30, 2020, mainly due to increases in cash.
- Net capital assets were \$4.6 million at September 30, 2021, a decreased \$94 thousand from \$4.7 million at September 30, 2020. This was primarily due to depreciation.
- Total liabilities increased by \$28 thousand to \$1.8 million at September 30, 2021 from \$1.9 thousand at September 30, 2020.
- Total net position was \$5.4 million at September 30, 2021, an increase of about \$341 thousand or 6.7 percent from prior year balance of \$5.1 million.
- Total revenue was \$3.8 million at September 30, 2021, an increase of \$398 thousand from the September 30, 2020, balance of \$3.4 million. The increase was primarily due to the increased HUD funding.

- Total expenses increased by \$46 thousand to \$3.4 million at September 30, 2021 from \$3.4 million at September 30, 2020.

USING THIS REPORT

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

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

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

Table 1
Michigan City Housing Authority's Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,735,799	\$ 2,272,197	\$ 463,602	20.4%
Non-Current Assets	4,579,879	4,673,612	(93,733)	-2.0%
Total Assets	\$ 7,315,678	\$ 6,945,809	\$ 369,869	5.3%
Current Liabilities	\$ 691,676	\$ 805,845	\$ (114,169)	-14.2%
Non-Current Liabilities	1,190,215	1,047,935	142,280	13.6%
Total Liabilities	1,881,891	1,853,780	28,111	1.5%
Unrestricted	826,046	398,128	427,918	107.5%
Restricted Net Assets	27,862	20,289	7,573	0.0%
Net Investment in Capital Assets	4,579,879	4,673,612	(93,733)	-2.0%
Total Net Position	5,433,787	5,092,029	341,758	6.7%
Total Liab. and Net Position	\$ 7,315,678	\$ 6,945,809	\$ 369,869	5.3%

As shown in Table 1, the Authority's total net position at September 30, 2021, was approximately \$5.4 million, a 6.7 percent increase from the September 30, 2020, balance of \$5.1 million.

Capital Assets

Table 2
Michigan City Housing Authority's Change in Capital Assets

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage Change</u>
Land	\$ 461,542	\$ 461,542	\$ -	0.0 %
Building	19,774,347	19,818,471	(44,124)	-0.2 %
Equipment	768,248	706,722	61,526	8.7 %
Accumulated Depreciaton	(16,754,365)	(16,596,956)	(157,409)	0.9 %
Construction In Progress	330,107	283,833	46,274	16.3 %
Total Capital Assets	\$ 4,579,879	\$ 4,673,612	\$ (93,733)	-2.0 %

Additional detail can be found in the notes to the financial statements.

Revenues and Expenses

As shown in Table 3, the Authority's total revenues increased to \$3.8 million by \$398 thousand or 5.6 percent for the year ended September 30, 2021.

Table 3
Michigan City Housing Authority's Change in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage Change</u>
Tenant Revenue	\$ 698,924	\$ 779,043	\$ (80,119)	-10.3 %
HUD Operating Grants	2,871,390	2,462,022	409,368	16.6 %
Capital Funds	99,646	70,227	29,419	41.9 %
Interest Income	856	3,410	(2,554)	-74.9 %
Other Income	118,150	75,856	42,294	55.8 %
Total Revenue	<u>3,788,966</u>	<u>3,390,558</u>	<u>398,408</u>	11.8 %
Admin Expenses	544,338	424,165	120,173	28.3 %
Tenant Expenses	372	-	372	0.0 %
Utilities	226,818	302,543	(75,725)	-25.0 %
Ordinary Maintenance	387,111	435,006	(47,895)	-11.0 %
Protective Services	16,029	14,899	1,130	7.6
Insurance	125,007	115,234	9,773	8.5
General Expenses	57,270	29,810	27,460	92.1 %
Housing Assist. Payments	1,862,392	1,845,094		
Extraordinary Maint./Losses	19,446	23,972	(4,526)	-18.9 %
Depreciation	208,425	192,948	15,477	8.0 %
Total Expenses	<u>3,447,208</u>	<u>3,383,671</u>	<u>46,239</u>	1.9 %
Change in Net Position	341,758	6,887	352,169	4862.4 %
Beginning Net Position	5,092,029	5,085,142	6,887	0.1 %
Ending Net Position	<u>\$ 5,433,787</u>	<u>\$ 5,092,029</u>	<u>\$ 359,056</u>	6.7 %

BUDGETARY CONTROL

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

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

ECONOMIC FACTORS

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

MAJOR INITIATIVES

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sharon Hutton, Executive Director, 621 East Michigan Boulevard, Michigan City, IN 46360, (219) 872-7287.

BASIC FINANCIAL STATEMENTS

MICHIGAN CITY HOUSING AUTHORITY
 STATEMENT OF NET POSITION - ENTERPRISE FUND
 SEPTEMBER 30, 2021

EXHIBIT A

	2021
	TOTAL
ASSETS	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 1,923,682
Cash and Cash Equivalents - Restricted	259,643
Accounts Receivable, net	466,156
Investments	55,905
Prepaid Expenses	14,600
Material Inventories, net	15,813
Total Current Assets	<u>2,735,799</u>
<u>NON CURRENT ASSETS</u>	
Capital Assets, net	<u>4,579,879</u>
Total Non-Current Assets	4,579,879
TOTAL ASSETS	\$ <u>7,315,678</u>
LIABILITIES AND NET POSITION	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 232,776
Accrued Liabilities - Current	51,449
Deferred Revenue	339,046
Notes Payable - Current	68,405
Total Current Liabilities	<u>691,676</u>
<u>NON CURRENT LIABILITIES</u>	
Accrued Liabilities - Non Current	119,119
Notes Payable - Non Current	1,071,096
Total Non Current Liabilities	<u>1,190,215</u>
Total Liabilities	<u>1,881,891</u>
<u>NET POSITION</u>	
Unrestricted Net Position	826,046
Restricted Net Position	27,862
Net Investment in Capital Assets	4,579,879
Total Net Position	<u>5,433,787</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>7,315,678</u>

See Accompanying Notes to Financial Statements

**MICHIGAN CITY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT B

	2021 TOTAL
OPERATING REVENUES	
Tenant Charges	\$ 698,924
HUD Operating Grants	2,871,390
Other Income	83,084
TOTAL REVENUES	3,653,398
OPERATING EXPENSES	
Administrative Expenses	544,338
Tenant Services	372
Utilities Expenses	226,818
Ordinary Maintenance	387,111
Protective Services	16,029
Insurance Expense	125,007
General Expenses	57,270
Extraordanry Maint./Debt	19,446
Housing Assistance Payments	1,862,392
Depreciation Expense	208,425
TOTAL OPERATING EXPENSES	3,447,208
OPERATING INCOME (LOSS)	206,190
NON-OPERATING REVENUES AND (EXPENSES)	
Interest Income	856
Total Non-Operating Income/(Loss)	856
CAPITAL CONTRIBUTIONS AND (LOSSES)	
HUD Capital Grants	99,646
Gain/(Loss) on Sale of Capital Assets	35,066
Total Capital Contributions.	134,712
CHANGES IN NET POSITION	341,758
BEGINNING NET POSITION	5,092,029
ENDING NET POSITION	\$ 5,433,787

See Accompanying Notes to Financial Statements

**MICHIGAN CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT C

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants and Others	\$ 2,718,001
Payments to Employees	(401,387)
Payments to Vendors and Suppliers	(1,914,253)
Net Cash Provided by/(Used for) Operating Activities	<u>402,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchase)/Sale of Investments	55,905
Interest on Investments	856
Net Cash Provided by/(Used for) Investing Activities	<u>56,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gain/(Loss) on Sale of Capital Assets	35,066
Capital Grants	99,646
Increase/(Decrease) in Notes Payable	(82,452)
Net Cash Provided by/(Used for) Financing Activities	<u>52,260</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>511,382</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,671,943
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,183,325</u>
Unrestricted Cash and Cash Equivalents at Fiscal Year End	\$ 1,923,682
Restricted Cash and Cash Equivalents at Fiscal Year End	259,643
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,183,325</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities	
Operating Income/(Loss)	\$ 206,190
Adjustments To Reconcile:	
Depreciation	208,425
Changes in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(108,677)
(Increase)/Decrease in Prepaid Expenses	(6,924)
(Increase)/Decrease in Material Inventories	-
Increase/(Decrease) in Accounts Payable	(28,391)
Increase/(Decrease) in Accrued Liabilities	(16,039)
Increase/(Decrease) in Deferred Revenue	147,777
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 402,361</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES	
None	

See Accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 1 - Organization and Program Description

The Housing Authority of the City of Michigan City (Authority), Indiana is a public body, corporate body and politically organized under the laws of the State of Indiana for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Mayor appoints a Governing Board for the Authority, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development (HUD) to be the administrator of the housing and housing related 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 United States Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and provide funds to assist the Public Housing Authorities (PHAs) in financing the acquisition, construction, and/or leasing of housing units; make housing assistance payments; and make annual contributions (subsidies) to PHAs for the purpose of maintaining the low income character of the local housing program.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City's or County's financial report therefore, the Authority reports independently.

The Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low and moderate income persons. The majority of its funding is provided by the Department of Housing and Urban Development (HUD). All funds and programs are included in these statements.

A. Reporting Entity

The financial statements of the Authority have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as applicable to governmental units. As required by GAAP in the United States of America, the accompanying financial statements present the various program activities of the Authority. These principles define the reporting entity of the primary government, as well as its component units.

Low Income Housing - The low income housing program provides subsidized housing to low income residents. The Authority is the owner of public housing units located throughout the City. The Authority receives revenue from dwelling rental income and operating subsidies provided by HUD.

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Capital Fund Grants - Substantially all additions to land, buildings, and equipment are funded through Capital Grant Fund Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through programs established by HUD.

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

Component Units

Blended Component Units

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

The following is a brief description of the blended component unit meeting the above criteria that is included in the PHA's financial report entity.

The Michigan City Housing Development Inc. (MCHDI) is reported as if it were part of the primary government because its purpose is to advocate for and provide affordable housing, together by rental or sale to individuals and families of low to moderate income.

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

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

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

C. Fund Accounting

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

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively known as low rent housing.

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

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

Cash and Cash Equivalents - Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less.

Restricted Cash - Restricted assets include cash legally restricted as to their use. The primary restricted assets are related to the low rent housing program for various funds restricted for tenants.

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

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

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

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

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

Fair Value - GASB Statement No. 72, Fair Value Measurement and Application, is effective for periods beginning after June 15 2015 with earlier application encouraged. This Statement should improve financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures should be organized by type asset or liability reported at fair value. The Authority does not anticipate a material impact on the financial statements as a result of this pronouncement.

Pension - The Authority has established a defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

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

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

Investments - The Authority has estimated the fair values of its financial investments using available market information and other valuation methodologies in accordance with GASB Statement No. 31. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. The Authority is also in compliance with all state and local laws and regulations regarding investments.

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Inventories – Inventories are stated at the lower of cost or market.

Prepaid Expenditures – Payments made to vendors for services that will benefit periods beyond fiscal year end are recorded as prepaid items.

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

Capital Assets – The Authority capitalizes capital assets with a cost of more than \$500 and a useful life of one year or more. Proprietary fund types focus on capital maintenance. Accordingly, land, structures and equipment are recorded in the enterprise fund, which acquires such assets.

Capital assets are stated at cost or at estimated historical cost. The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Capital assets are depreciated over their useful lives using the straight-line method of depreciation as follows:

Land Improvements	15 years
Buildings	40 years
Office Furniture and Equipment	3-10 years

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

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

Risk Management – The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these various risks of loss with the following insurance coverage: worker's compensation, property and equipment, liability, flood and automobile. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Concentration of Risk - During the year ended September 30, 2018, the Authority received approximately 84 percent of its revenue from HUD.

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

Note 2 - Budget Information

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

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

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$2,183,325, at September 30, 2021, and are maintained in commercial checking accounts and are readily available. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities.

Cash amounts in excess of the \$250,000, FDIC limit, insured by the government were collateralized by government securities and held in the pledging financial institutions’ trust departments in the Authority’s name. The Authority is also in compliance with all state and local laws and regulations regarding cash equivalents. Of the total cash on hand at September 30, 2021, \$1,923,682 was unrestricted and \$259,643 was restricted as shown below.

Unrestricted Cash	\$ 1,923,682
Restricted Cash:	
Tenant Security Deposits	63,274
FSS Escrow	15,454
Housing Assistance Payments	7,561
CARES Act Funding	140,065
Other Restricted Cash	33,289
Total Restricted Cash	<u>259,643</u>
Total Cash	<u>\$ 2,183,325</u>

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 4 - Accounts Receivable

At September 30, 2021, accounts receivable totaled \$466,156, and consisted of the following:

Accounts Receivable	Amount
Tenant Accts. Receivable	\$ 289,062
Allowance for Doubtful Accounts	(37,455)
Accounts Receivable HUD	179,967
Other Accounts Receivable	34,582
Total Accounts Receivable	\$ <u>466,156</u>

The Authority reviews the accounts receivable periodically. During the year \$27,073 was charged to bad debts.

Note 5 - Investments

Investments totaled \$55,905, at September 30, 2021, and consisted of an investment account.

Note 6 - Prepaid Assets

Prepaid assets totaled \$14,600, at September 30, 2021, and consisted of various deposits.

Note 7 - Material Inventories - Net

Material inventories net totaled \$15,813, at September 30, 2021. Material inventories are stated at the lower of cost or market. Inventory at year end totaled \$16,646, with an allowance of (\$815).

Note 8 - Land, Structures and Equipment

Capital assets totaled \$4,579,879 at September 30, 2021, as shown in the table below:

Capital Assets	09/30/20	Additions / Deletions	09/30/21
Land	\$ 461,542	\$	\$ 461,542
Buildings and Improvements	19,818,471	(44,124)	19,774,347
Equipment and Furniture	706,722	61,526	768,248
Construction in Progress	283,833	46,274	330,107
Less Accum. Depreciation	(16,596,956)	(157,409)	(16,754,365)
Total Capital Assets	\$ <u>4,673,612</u>	\$ <u>(93,733)</u>	\$ <u>4,579,879</u>

Capital additions totaled \$68,418, construction in progress totaled \$330,107 and there were dispositions of \$51,016 and were fully depreciated. Depreciation expense for the year totaled \$208,425.

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 9 - Accounts Payable

Accounts payable totaled \$232,766, at September 30, 2021, which consisted of the following:

Accounts Payable	Amount
Vendors	\$ 78,840
Security Deposits	63,274
Other Payables	90,652
Total Accounts Payable	\$ <u>232,766</u>

Note 10 - Accrued Payables

Accrued liabilities totaled \$170,568, at September 30, 2021, of which, \$51,469 is current and \$119,119 is non-current, and the breakdown is as follows:

Accrued Wages	\$ 42,568
Compensated Abs. - Current	7,868
Other Accrued Payables	1,013
Total Current Accrued Liabilities	<u>51,449</u>
Compensated Abs. - Non-Current	75,223
Other Accrued Payables	43,896
Total Non-Current Accr. Liab.	<u>119,119</u>
Total Accrued Liabilities	\$ <u>170,568</u>

Note 11 - Deferred Revenue

Deferred revenue totaled \$339,046, which consisted of prepaid rents and advanced CARES Act funding.

Note 12 - Note Payable

The mortgage is payable to the FCN Bank, National Associates and bears interest at 4.558% per annum over 10 years. Quarterly payments are \$26,153 per quarter. The mortgage note is secured by the Project. The final payment is due March 2035. The balance due is \$1,139,502.

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Below is breakdown of the current and non-current portions of the notes payable:

<u>Year</u>	<u>Amount</u>
Current Year Portion	\$ 68,406
Long-Term Portion	
September 30, 2022	70,655
September 30, 2023	72,981
September 30, 2024	75,132
September 30, 2025	77,872
September 30, 2026	80,213
September 30, 2026 and thereafter	<u>694,243</u>
Total Long-Term Payments	\$ 1,071,096
Total Notes Payable	<u>\$ 1,139,502</u>

Note 13 - Employee Benefit Plans

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with MetLife (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. For the fiscal year end September 30, 2021, actual contributions by the Authority were \$14,884 based on \$401,387 of wages and salary expense. The Authority made all the required contributions to the Plan.

Note 14 - Operating Lease Commitments and Contingencies

The Authority receives financial assistance from federal government agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the Authority.

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

The Authority also has certain contingent liabilities resulting from litigations, claims, and commitments incident to the ordinary course of business. Management expects the final resolution of such contingencies will not have a material adverse effect on the financial position of the Authority.

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 15 - Allocation of Cost

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

Note 16 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to fiscal year end, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended September 30, 2021. Management has performed their analysis through June 24, 2022, the date the financial statements were issued. The Authority has not evaluated events occurring after the issuance date in these financial statements.

SUPPLEMENTAL INFORMATION

**MICHIGAN CITY HOUSING AUTHORITY
STATEMENT OF PROGRAM NET POSITION
SEPTEMBER 30, 2021**

EXHIBIT D

	Low Rent Program	Housing Choice Vouchers	Business Activities	Blended Component Unit	Eliminations	2021 TOTAL
ASSETS						
Cash and Cash Equivalents (Unrestricted)	\$ 334,123	\$ 64,506	\$ 879,883	\$ 645,170	\$	\$ 1,923,682
Cash and Cash Equivalents (Restricted)	58,283	176,068	13,722	11,570		259,643
Accounts Receivable (net allowances)	397,558	34,582	38,299	9,752	(14,035)	466,156
Investments			55,905			55,905
Prepaid, Deposits and Escrows	2,007	5,627	6,966			14,600
Inventory (net allowances)	15,481		94	238		15,813
TOTAL CURRENT ASSETS	807,452	280,783	994,869	666,730	(14,035)	2,735,799
Capital Assets, Net	3,272,563	592	652,889	653,835		4,579,879
TOTAL NON-CURRENT ASSETS	3,272,563	592	652,889	653,835	-	4,579,879
TOTAL ASSETS	\$ 4,080,015	\$ 281,375	\$ 1,647,758	\$ 1,320,565	\$ (14,035)	\$ 7,315,678
LIABILITIES AND NET POSITION						
Accounts Payable	\$ 79,312	\$ 4,272	\$ 901	\$ 99,052	\$ (14,035)	\$ 169,502
Tenant Security Deposits	37,982		13,722	11,570		63,274
Deferred Revenue	168,513	153,757	2,339	14,437		339,046
Accrued Liabilities - Current	48,409	2,465		575		51,449
Notes Payable - Current	68,405					68,405
TOTAL CURRENT LIABILITIES	402,621	160,494	16,962	125,634	(14,035)	691,676
Accrued Liabilities - Non Current	79,657	34,288		5,174		119,119
Notes Payable - Non Current	1,071,096					1,071,096
TOTAL NON-CURRENT LIABILITIES	1,150,753	34,288	-	5,174	-	1,190,215
TOTAL LIABILITIES	1,553,374	194,782	16,962	130,808	(14,035)	1,881,891
Invested in Capital Assets	3,272,563	592	652,889	653,835	-	4,579,879
Unrestricted Net Position	(766,223)	78,440	977,907	535,922	-	826,046
Restricted Net Position	20,301	7,561				27,862
TOTAL NET POSITION	2,526,641	86,593	1,630,796	1,189,757	-	5,433,787
TOTAL LIABILITIES AND NET POSITION	\$ 4,080,015	\$ 281,375	\$ 1,647,758	\$ 1,320,565	\$ (14,035)	\$ 7,315,678

See Accompanying Notes to the Financial Statements

**MICHIGAN CITY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT E

	Low Rent Program	Housing Choice Vouchers	Business Activites	Blended Component Unit	Eliminations	2021 TOTAL
OPERATING REVENUES						
Net Tenant Rental Revenue	\$ 411,283	\$	\$ 189,175	\$ 98,466	\$	\$ 698,924
HUD Operating Grants	858,717	2,012,673				2,871,390
Other Income	54,216	28,868				83,084
TOTAL OPERATING REVENUES	1,324,216	2,041,541	189,175	98,466	-	3,653,398
OPERATING EXPENSES						
Administrative Expenses	415,000	116,850	7,517	4,971		544,338
Tenant Services	372					372
Utilities Expense	199,290		5,765	21,763		226,818
Ordinary Maintenance and Materials	357,577	12,402	5,022	12,110		387,111
Protective Services	16,029					16,029
Insurance Expense	63,671	23,278	23,971	14,087		125,007
General Expenses	49,554	2,724	1,013	3,979		57,270
Extraordinary Maint/Debt	19,446					19,446
Housing Assistance Payments		1,862,392				1,862,392
Depreciation Expense	144,766	682	34,309	28,668		208,425
TOTAL OPERATING EXPENSES	1,265,705	2,018,328	77,597	85,578	-	3,447,208
OPERATING INCOME (LOSS)	58,511	23,213	111,578	12,888	-	206,190
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	304	55	125	372		856
INCOME BEFORE OTHER REVENUES (EXPENSES)	304	55	125	372	-	856
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	99,646					99,646
Gain/(Loss) on Sale of Capital Assets	35,066					35,066
Transfers	750,254		(750,254)			-
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	884,966	-	(750,254)	-	-	134,712
CHANGE IN NET POSITION	943,781	23,268	(638,551)	13,260	-	341,758
NET POSITION AT BEGINNING OF PERIOD	1,582,860	63,325	2,269,347	1,176,497		5,092,029
NET POSITION AT END OF PERIOD	\$ 2,526,641	\$ 86,593	\$ 1,630,796	\$ 1,189,757	\$ -	\$ 5,433,787

See Accompanying Notes to the Financial Statements

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	14,PHC Public Housing CARES Act Funding	6,2 Component Unit - Blended	14,HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$334,123	\$879,883	\$64,506		\$648,255		\$1,926,767		\$1,926,767
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0				\$0		\$0
113 Cash - Other Restricted	\$20,301	\$0	\$36,003			\$140,065	\$196,369		\$196,369
114 Cash - Tenant Security Deposits	\$37,982	\$13,722	\$0		\$8,485		\$60,189		\$60,189
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0				\$0		\$0
100 Total Cash	\$392,406	\$893,605	\$100,509	\$0	\$656,740	\$140,065	\$2,183,325	\$0	\$2,183,325
121 Accounts Receivable - PHA Projects	\$0	\$0	\$34,582				\$34,582		\$34,582
122 Accounts Receivable - HUD Other Projects	\$165,932	\$0	\$0	\$14,035			\$179,967		\$179,967
124 Accounts Receivable - Other	\$0	\$0	\$0				\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0				\$0		\$0
126 Accounts Receivable - Tenants	\$228,207	\$46,427	\$0		\$14,428		\$289,062		\$289,062
126.1 Allowance for Doubtful Accounts - Tenants	\$24,651	\$8,128	\$0		\$4,676		\$37,455		\$37,455
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0				\$0		\$0
128 Fraud Recovery	\$0	\$0	\$51,586				\$51,586		\$51,586
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	-\$51,586				-\$51,586		-\$51,586
129 Accrued Interest Receivable	\$0	\$0	\$0				\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$369,488	\$38,299	\$34,582	\$14,035	\$9,752	\$0	\$466,156	\$0	\$466,156
131 Investments - Unrestricted	\$0	\$55,905	\$0				\$55,905		\$55,905
132 Investments - Restricted	\$0	\$0	\$0				\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0				\$0		\$0
142 Prepaid Expenses and Other Assets	\$2,007	\$6,966	\$5,627		\$1,150,060		\$14,600		\$14,600
143 Inventories	\$16,296	\$99	\$0		\$251		\$16,646		\$16,646
143.1 Allowance for Obsolete Inventories	-\$815	-\$5	\$0		-\$13		-\$833		-\$833
144 Inter Program Due From	\$14,035	\$0	\$0	\$0			\$14,035	-\$14,035	\$0
145 Assets Held for Sale	\$0	\$0	\$0				\$0		\$0
150 Total Current Assets	\$793,417	\$994,869	\$140,718	\$14,035	\$666,730	\$140,065	\$2,749,834	-\$14,035	\$2,735,799
161 Land	\$359,098	\$53,634	\$0		\$48,810		\$461,542		\$461,542
162 Buildings	\$16,320,928	\$1,330,923	\$3,934				\$18,810,685		\$18,810,685
163 Furniture, Equipment & Machinery - Dwellings	\$214,347	\$7,348	\$0		\$3,341		\$225,036		\$225,036
164 Furniture, Equipment & Machinery - Administration	\$437,535	\$4,160	\$75,019		\$26,498		\$543,212		\$543,212
165 Leasehold Improvements	\$938,606	\$17,018	\$0		\$8,038		\$963,662		\$963,662
166 Accumulated Depreciation	-\$15,327,438	-\$769,194	-\$74,821		-\$582,912		-\$16,754,365		-\$16,754,365
167 Construction in Progress	\$330,107	\$0	\$0		\$0		\$330,107		\$330,107
168 Infrastructure	\$0	\$0	\$0		\$0		\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,272,563	\$652,889	\$592	\$0	\$653,835	\$0	\$4,579,879	\$0	\$4,579,879
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0				\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0				\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0				\$0		\$0
174 Other Assets	\$0	\$0	\$0				\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0				\$0		\$0
180 Total Non-Current Assets	\$3,272,563	\$652,889	\$592	\$0	\$653,835	\$0	\$4,579,879	-\$14,035	\$4,579,879
200 Deferred Outflow of Resources	\$0	\$0	\$0				\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$4,065,980	\$1,647,758	\$141,310	\$14,035	\$1,320,565	\$140,065	\$7,329,713	-\$14,035	\$7,315,678
311 Bank Overdraft	\$0	\$0	\$0				\$0		\$0
312 Accounts Payable <= 90 Days	\$64,710	\$901	\$4,272		\$8,957		\$78,840		\$78,840
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0				\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$40,753	\$0	\$1,815				\$42,568		\$42,568
322 Accrued Compensated Absences - Current Portion	\$6,643	\$0	\$650		\$575		\$7,868		\$7,868
324 Accrued Contingency Liability	\$0	\$0	\$0				\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0				\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0				\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0				\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0		\$90,095		\$90,095		\$90,095
341 Tenant Security Deposits	\$37,982	\$13,722	\$0		\$11,570		\$63,274		\$63,274
342 Unearned Revenue	\$168,514	\$2,339	\$13,692		\$14,437	\$140,065	\$339,546		\$339,546
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0				\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$68,405	\$0	\$0				\$68,405		\$68,405
345 Other Current Liabilities	\$567	\$0	\$0				\$567		\$567
346 Accrued Liabilities - Other	\$1,013	\$0	\$0				\$1,013		\$1,013
347 Inter Program - Due To	\$0	\$0	\$0	\$14,035			\$14,035	-\$14,035	\$0
348 Loan Liability - Current	\$0	\$0	\$0				\$0		\$0
310 Total Current Liabilities	\$388,586	\$16,962	\$20,429	\$14,035	\$125,634	\$140,065	\$705,711	-\$14,035	\$691,676
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0				\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$1,071,096	\$0	\$0				\$1,071,096		\$1,071,096
353 Non-current Liabilities - Other	\$15,554	\$0	\$28,442				\$43,996		\$43,996
354 Accrued Compensated Absences - Non Current	\$64,203	\$0	\$5,846		\$5,174		\$75,223		\$75,223
355 Loan Liability - Non Current	\$0	\$0	\$0				\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0				\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0				\$0		\$0
350 Total Non-Current Liabilities	\$1,150,753	\$0	\$34,288	\$0	\$5,174	\$0	\$1,190,215	\$0	\$1,190,215

Housing Authority of the City of Michigan City (IN019)

MICHIGAN CITY, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
300 Total Liabilities	\$1,539,339	\$16,962	\$54,717	\$14,035	\$130,808	\$140,065	\$1,895,926	-\$14,035	\$1,881,891
400 Deferred Inflow of Resources	\$0	\$0	\$0				\$0		\$0
508.4 Net Investment in Capital Assets	\$3,272,563	\$652,889	\$592		\$653,835		\$4,579,879		\$4,579,879
511.4 Restricted Net Position	\$20,301	\$0	\$7,561				\$27,862		\$27,862
512.4 Unrestricted Net Position	-\$766,223	\$977,907	\$78,440	\$0	\$535,922	\$0	\$826,046		\$826,046
513 Total Equity - Net Assets / Position	\$2,526,641	\$1,630,796	\$86,593	\$0	\$1,189,757	\$0	\$5,433,787	\$0	\$5,433,787
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,065,980	\$1,647,758	\$141,310	\$14,035	\$1,320,565	\$140,065	\$7,329,713	-\$14,035	\$7,315,678

Housing Authority of the City of Michigan City (IN019)

MICHIGAN CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$407,603	\$187,836	\$0		\$98,168		\$693,607		\$693,607
70400 Tenant Revenue - Other	\$3,680	\$1,339	\$0		\$298		\$5,317		\$5,317
70500 Total Tenant Revenue	\$411,283	\$189,175	\$0	\$0	\$98,466	\$0	\$698,924	\$0	\$698,924
70600 HUD PHA Operating Grants	\$850,338	\$0	\$2,011,435	\$8,379		\$1,238	\$2,871,390		\$2,871,390
70610 Capital Grants	\$61,733	\$0	\$0	\$37,913			\$99,646		\$99,646
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0				\$0		\$0
71100 Investment Income - Unrestricted	\$302	\$125	\$55		\$372		\$854		\$854
71200 Mortgage Interest Income	\$0	\$0	\$0				\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0				\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0				\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$4,764				\$4,764		\$4,764
71500 Other Revenue	\$54,216	\$0	\$24,104				\$78,320		\$78,320
71600 Gain or Loss on Sale of Capital Assets	\$35,066	\$0	\$0				\$35,066		\$35,066
72000 Investment Income - Restricted	\$2	\$0	\$0				\$2		\$2
70000 Total Revenue	\$1,412,940	\$189,300	\$2,040,358	\$46,292	\$98,838	\$1,238	\$3,788,966	\$0	\$3,788,966
91100 Administrative Salaries	\$203,888	\$0	\$48,940	\$6,850		\$1,150	\$260,828		\$260,828
91200 Auditing Fees	\$5,644	\$2,116	\$1,799		\$1,173		\$10,732		\$10,732
91300 Management Fee	\$0	\$0	\$0				\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0				\$0		\$0
91400 Advertising and Marketing	\$1,806	\$0	\$499				\$2,305		\$2,305
91500 Employee Benefit contributions - Administrative	\$60,249	\$0	\$23,239	\$524		\$88	\$84,100		\$84,100
91600 Office Expenses	\$15,867	\$255	\$5,334				\$21,456		\$21,456
91700 Legal Expense	\$19,885	\$975	\$0		\$626		\$21,486		\$21,486
91800 Travel	\$12,437	\$0	\$149				\$12,586		\$12,586
91810 Allocated Overhead	\$0	\$0	\$0				\$0		\$0
91900 Other	\$87,850	\$4,171	\$35,652		\$3,172		\$130,845		\$130,845
91000 Total Operating - Administrative	\$407,626	\$7,517	\$115,612	\$7,374	\$4,971	\$1,238	\$544,338	\$0	\$544,338
92000 Asset Management Fee	\$0	\$0	\$0				\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0				\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0				\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0				\$0		\$0
92400 Tenant Services - Other	\$372	\$0	\$0				\$372		\$372
92500 Total Tenant Services	\$372	\$0	\$0	\$0	\$0	\$0	\$372	\$0	\$372
93100 Water	\$16,297	\$2,018	\$0		\$2,300		\$20,615		\$20,615
93200 Electricity	\$113,277	\$862	\$0		\$6,675		\$120,814		\$120,814
93300 Gas	\$43,704	\$1,235	\$0		\$9,605		\$54,544		\$54,544
93400 Fuel	\$0	\$0	\$0				\$0		\$0
93500 Labor	\$0	\$0	\$0				\$0		\$0
93600 Sewer	\$26,012	\$1,650	\$0		\$3,004		\$30,666		\$30,666
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0				\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0		\$179		\$179		\$179
93000 Total Utilities	\$199,290	\$5,765	\$0	\$0	\$21,763	\$0	\$226,818	\$0	\$226,818
94100 Ordinary Maintenance and Operations - Labor	\$128,871	\$0	\$0				\$128,871		\$128,871
94200 Ordinary Maintenance and Operations - Materials and Other	\$40,636	\$1,243	\$12,082	\$1,005	\$917		\$55,883		\$55,883
94300 Ordinary Maintenance and Operations Contracts	\$164,956	\$2,670	\$320		\$7,710		\$175,656		\$175,656
94500 Employee Benefit Contributions - Ordinary Maintenance	\$22,109	\$1,109	\$0		\$3,483		\$26,701		\$26,701
94000 Total Maintenance	\$356,572	\$5,022	\$12,402	\$1,005	\$12,110	\$0	\$387,111	\$0	\$387,111
95100 Protective Services - Labor	\$11,688	\$0	\$0				\$11,688		\$11,688
95200 Protective Services - Other Contract Costs	\$3,457	\$0	\$0				\$3,457		\$3,457
95300 Protective Services - Other	\$0	\$0	\$0				\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$884	\$0	\$0				\$884		\$884
95000 Total Protective Services	\$16,029	\$0	\$0	\$0	\$0	\$0	\$16,029	\$0	\$16,029
96110 Property Insurance	\$54,367	\$12,651	\$10,754		\$4,769		\$82,541		\$82,541
96120 Liability Insurance	\$0	\$7,821	\$9,523		\$7,866		\$25,210		\$25,210
96130 Workmen's Compensation	\$5,246	\$2,090	\$1,777		\$1,185		\$10,298		\$10,298
96140 All Other Insurance	\$4,058	\$1,409	\$1,224		\$267		\$6,958		\$6,958
96100 Total Insurance Premiums	\$63,671	\$23,971	\$23,278	\$0	\$14,087	\$0	\$125,007	\$0	\$125,007
96200 Other General Expenses	\$23,538	\$0	\$2,724				\$26,262		\$26,262
96210 Compensated Absences	\$0	\$0	\$0				\$0		\$0
96300 Payments in Lieu of Taxes	\$216	\$72	\$0		\$3,647		\$3,935		\$3,935
96400 Bad debt - Tenant Rents	\$25,800	\$941	\$0		\$332		\$27,073		\$27,073

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96500 Bad debt - Mortgages	\$0	\$0	\$0				\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0				\$0		\$0
96800 Severance Expense	\$0	\$0	\$0				\$0		\$0
96000 Total Other General Expenses	\$49,554	\$1,013	\$2,724	\$0	\$3,979	\$0	\$57,270	\$0	\$57,270
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0				\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0				\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0				\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,093,114	\$43,288	\$154,016	\$8,379	\$56,910	\$1,238	\$1,356,945	\$0	\$1,356,945
97000 Excess of Operating Revenue over Operating Expenses	\$319,826	\$146,012	\$1,886,342	\$37,913	\$41,928	\$0	\$2,432,021	\$0	\$2,432,021
97100 Extraordinary Maintenance	\$17,784	\$0	\$0				\$17,784		\$17,784
97200 Casualty Losses - Non-capitalized	\$1,662	\$0	\$0				\$1,662		\$1,662
97300 Housing Assistance Payments	\$0	\$0	\$1,839,755				\$1,839,755		\$1,839,755
97350 HAP Portability-In	\$0	\$0	\$22,637				\$22,637		\$22,637
97400 Depreciation Expense	\$144,766	\$34,309	\$682		\$28,668		\$208,425		\$208,425
97500 Fraud Losses	\$0	\$0	\$0				\$0		\$0
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense	\$0	\$0	\$0				\$0		\$0
90000 Total Expenses	\$1,257,326	\$77,597	\$2,017,090	\$8,379	\$85,578	\$1,238	\$3,447,208	\$0	\$3,447,208
10010 Operating Transfer In	\$281,293	\$0	\$0				\$281,293	-\$281,293	\$0
10020 Operating transfer Out	-\$281,293	\$0	\$0				-\$281,293	\$281,293	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0				\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0				\$0		\$0
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0				\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0				\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0						\$0	-\$750,254	-\$750,254
10092 Inter Project Excess Cash Transfer Out	\$0						\$0	\$750,254	\$750,254
10093 Transfers between Program and Project - In	\$750,254	\$0	\$0				\$750,254		\$750,254
10094 Transfers between Project and Program - Out	\$0	-\$750,254	\$0				-\$750,254		-\$750,254
10100 Total Other financing Sources (Uses)	\$750,254	-\$750,254	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$905,868	-\$638,551	\$23,268	\$37,913	\$13,260	\$0	\$341,758	\$0	\$341,758
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,582,860	\$2,269,347	\$63,325	\$0	\$1,176,497	\$0	\$5,092,029		\$5,092,029
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$37,913			-\$37,913			\$0		\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity	\$0		\$79,032				\$79,032		\$79,032
11180 Housing Assistance Payments Equity			\$7,561				\$7,561		\$7,561
11190 Unit Months Available	2244	302	3489		173		6208		6208
11210 Number of Unit Months Leased	2110	302	3475		173		6060		6060
11270 Excess Cash	\$276,950						\$276,950		\$276,950
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$61,733						\$61,733		\$61,733
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

MICHIGAN CITY HOUSING AUTHORITY
 SCHEDULE EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT F

FEDERAL GRANTOR	CFDA #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Federal Programs - U S Department of Housing and Urban Development			
<u>Housing Choice Voucher Cluster</u>			
Housing Choice Voucher	14.871	\$ 2,011,435	\$ 2,017,090
Total Major Federal Program		2,011,435	2,017,090
Non-Major Federal Programs - U S Department of Housing and Urban Development			
Public and Indian Housing	14.850	\$ 557,045	\$ 1,257,326
Public Housing Capital Fund	14.872	355,026	355,026
Public Housing CARES Act	14.PHC	46,292	46,292
HCV CARES Act	14.HCC	1,238	1,238
Total Non-Major Federal Program		959,601	1,659,882
Total All Programs		\$ 2,971,036	\$ 3,676,972

**MICHIGAN CITY HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note 1 - Basis of Presentation

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

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended September 30, 2021. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended September 30, 2021, and should be read in conjunction with the Authority's consolidated financial statements.

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

Note 2 - Sources of Funding

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

Note 3 - Sub-recipients

There were no sub-recipients for the year ended September 30, 2021.

Note 4 - Loans Outstanding

There were no federal loans outstanding for the year ended September 30, 2021.

Note 5 - Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended September 30, 2021.

Note 6 - Insurance

The Authority had no federal insurance for the year ended September 30, 2021.

**MICHIGAN CITY HOUSING AUTHORITY
STATEMENT OF CAPITAL FUND PROGRAM COST UNCOMPLETED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT G

PHASES IN36P019 - 501-17, 501-18, 501-19 AND 501-20

	501-17	501-18	501-19	501-20	Total
Funds Approved	\$ 229,492	\$ 353,566	\$ 353,838	\$ 387,918	\$ 1,324,814
Funds Expended	<u>158,169</u>	<u>126,732</u>	<u>106,152</u>	<u>135,771</u>	<u>526,824</u>
Excess\ (Deficit) of Funds Approved	\$ <u>71,323</u>	\$ <u>226,834</u>	\$ <u>247,686</u>	\$ <u>252,147</u>	\$ <u>797,990</u>
Funds Advanced	\$ 158,169	\$ 126,732	\$ 73,168	\$ 84,202	\$ 442,271
Funds Expended	<u>158,169</u>	<u>126,732</u>	<u>106,152</u>	<u>135,771</u>	<u>526,824</u>
Excess\ (Deficit) of Funds Advanced	\$ <u>-</u>	\$ <u>-</u>	\$ <u>32,984</u>	\$ <u>51,569</u>	\$ <u>84,553</u>

- 1) Capital Fund Program costs for Phases IN36P019 - 501-17, 501-18, 501-19, and 501-20 are shown above.
- 2) Cost additions during this fiscal year, totaled \$355,026, and were audited by VB&C.

**MICHIGAN CITY HOUSING AUTHORITY
STATEMENT OF CAPITAL FUND PROGRAM COST COMPLETED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT H

No completed CFP Programs were closed in FYE September 30, 2021.

SINGLE AUDIT REPORTS

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

Board of Commissioners
Housing Authority of the City of Michigan City
Michigan City, IN 46360

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

We have audited the financial statements of the business activities of the Housing Authority of the City of Michigan City (Authority) as of and for the year ended September 30, 2021, which collectively comprised the Authority's basic financial statements, and have issued an unmodified report thereon dated June 24, 2022. 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.

Internal Control Over Financial Reporting

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

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

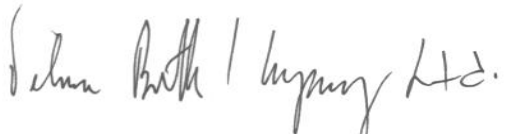
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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

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

Velma Butler & Company, Ltd.
Chicago, Illinois

June 24, 2022

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Michigan City
Michigan City, IN 46360

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Michigan City (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

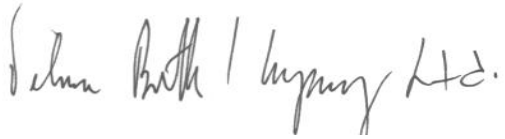
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the Authority as of and for the year ended September 30, 2021, and have issued our report thereon dated June 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Velma Butler & Company, Ltd.
Chicago, Illinois

June 24, 2022

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the City of Michigan City
Michigan City, IN 46360

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

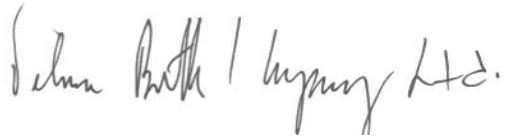
We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Michigan City (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining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

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

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended September 30, 2021, and have issued our report thereon dated June 24, 2022, the information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated June 24, 2022, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

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

Velma Butler & Company, Ltd.
Chicago, Illinois

June 24, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COST

**MICHIGAN CITY HOUSING AUTHORITY
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section I – Summary of Auditor's Results

Financial Statements

The type of report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

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

Noncompliance material to financial statements noted?
 ___ Yes X None reported

Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Audit Guidance?
 ___ Yes X No

Identification of major program:

U.S. Department of Housing and Urban Development

<u>CFDA Number</u>	<u>Name of Federal Program</u>
--------------------	--------------------------------

Housing Choice Voucher Cluster Programs	
14.871	Housing Choice Voucher Program

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

Auditee qualified as low-risk auditee? ___ Yes X No

**MICHIGAN CITY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section II - Financial Statement Findings

There were no reportable findings for the fiscal year ended September 30, 2021.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended September 30, 2021.

**MICHIGAN CITY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>Prior Year Findings</u>	<u>Status</u>	<u>Page Number</u>
Financial Statement Findings and Questioned Cost		
1. Interfund Reimbursement, 2020-001	Closed	43
2. Balance Sheet Substantiation, 2020-002	Closed	43
Federal Award Findings and Questioned Cost		
1. Reporting, 2020-003	Closed	44

MICHIGAN CITY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Section IV - Financial Statement Findings and Questioned Costs

Finding 2020 - 001 Interfund Reimbursement (Significant Deficiency)

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

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

HUD rules and regulations require that program funds be separately accounted for and cannot be intermingled.

CLOSED

Finding 2020 - 002 Balance Sheet Substantiation (Significant Deficiency)

The various balance sheet accounts lacked proper supporting documentation, or are not in agreement with the supporting documentation.

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

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

CLOSED

MICHIGAN CITY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Section V - Federal Award Findings and Questioned Costs

Finding 2020 - 003 Reporting (*Significant Deficiency*)

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

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

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

CLOSED