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October 6, 2022

Board of Directors
Housing Authority of the City of Kokomo
201 E Taylor St
Kokomo, IN 46901

We have reviewed the audit report of the Housing Authority of the City of Kokomo, which was opined upon by Henderson & Pilleteri, LLC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Kokomo as of December 31, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Henderson & Pilleteri, LLC, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

KOKOMO HOUSING AUTHORITY

**FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2021

KOKOMO HOUSING AUTHORITY
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**KOKOMO HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

As management of the Housing Authority of the City of Kokomo (the Authority), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2021. Please read the MD&A's information here in conjunction with the Authority's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Statement of Net Position – reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations
- Statement of Revenue, Expenses, and Changes in Fund Net Position – reports the Authority's operating and non-operating revenues, by major source, along with operating and non-operating expenses and capital contributions.
- Comparison of budget vs. actual – reports the Authority's actual operating revenues and expenses versus the budgeted amounts.

Our analysis of the Authority of a whole begins on the next page with an analysis of entity-wide net position, revenues, and expenses. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider non-financial factors such as changes in family composition, fluctuation in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority does. The following is a brief description of the programs and services that the Authority provides for the residents of Kokomo, Indiana.

LOW INCOME PUBLIC HOUSING (LIPH)

Kokomo Housing Authority owned 510 units in Kokomo as of January 1, 2021. During the year, 335 units were transferred to KHA RAD I through a RAD conversion. As of December 31, 2021, the Authority owned 175 units, and is responsible for the management, maintenance, and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Fund Subsidy is that the Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between these Allowable Expenses and the amount of rents and other fees that the Authority can charge the Authority's residents.

SECTION 8 HOUSING CHOICE VOUCHERS (HCV)

HUD has contracted support with the Authority for 726 Housing Choice Vouchers and 375 Project Based Vouchers. The Authority pays Housing Assistance Payments to landlords for Low Income residents. The Housing Assistance Payment (HAP) matches the difference between the total rent that the landlord can charge at or below a fair market rent amount supplied by HUD, and the amount that the resident can pay based on HUD mandated calculations. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program but is responsible for inspecting the units annually.

CAPITAL FUND PROGRAM (CFP) GRANT

This grant program is awarded by HUD on an annual basis. The purpose of these grants is for improvement of the Authority's sites and the management of the Authority. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is permitted four years to fully expend an annual award.

BUSINESS ACTIVITIES

This program was created during the RAD conversion to account for the assets and liabilities that were transferred from the RAD conversion but not sold to KHA RAD I and for the revenues and expenses resulting from the conversion.

AFFORDABLE HOUSING PROGRAM

During 2020, the subsidy for forty (40) units of LIPH housing, consisting of thirty-six scattered site houses and four three-bedroom units, was transferred to build Trailside Townhomes which consists of 45 new units of affordable housing constructed by Advantix. The forty (40) units are still owned by the Authority under the management of the Central Cost Center to be leased at market rate rents.

SUPERIOR STREET HOUSING DEVELOPMENT, INC. (SSHDI)

The Superior Street Housing Development, Inc. owns 4 units. The Authority is responsible for the management, maintenance, and utilities for all units. The purpose of SSHDI is to develop, construct, rehabilitate, maintain and manage residential dwellings for low-income families.

CONDENSED COMPARATIVE FINANCIAL STATEMENTS

ANALYSIS OF ENTITY WIDE NET POSITION (STATEMENT OF NET POSITION)

Total Assets for FYE 12/31/21 were \$20,048,331 and at FYE 12/31/20, they were \$13,195,423. This represents a net increase of \$6,852,908.

Current Assets decreased by \$209,157. Cash increased due to higher HUD subsidies and grants, increased tenant revenues, and decreased tenant services expenses. Cash decreased from higher administrative, utility, maintenance, and general expenses. Accounts receivable increased mostly due to a year end receivable from the RAD Conversion. Prepaid expenses decreased due to lower prepaid insurance expense.

Capital Assets decreased by \$6,536,154. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Noncurrent Assets increased by \$13,598,219. The annual reduction in silent second mortgages for residents who purchased a scattered site was \$2,625. An increase in Business Activities of \$13,600,844 consists of a \$2,700,000 note received for the sale of the assets during the RAD I conversion and \$900,844 in developer fees receivable.

Current Liabilities decreased by \$102,279. In 2020, HUD prepaid the Cares Act Funding for the HCV program which is classified as unearned income until spent. All of the Cares Act Funds were spent during 2021 so there were no Cares Act liabilities at the 2021 yearend. Tenant Security Deposits decreased significantly due to the RAD conversion. The current portion of accrued compensated absences and the PILOT payment due also decreased.

Noncurrent Liabilities decreased by \$2,400,814 due to a decrease in Family Self-Sufficiency escrows and in long-term debt for the Superior Street Housing Development loan. In addition, the Energy Performance Contract loan was paid in full due to the RAD conversion eliminating that liability.

The table below illustrated our analysis:

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Net Change</u>
Current Assets	\$ 2,536,351	\$ 2,745,508	\$ (209,157)
Capital Assets, Net	3,895,386	10,431,540	(6,536,154)
Noncurrent Assets	13,616,594	18,375	13,598,219
Total Assets	<u>20,048,331</u>	<u>13,195,423</u>	<u>6,852,908</u>
Current Liabilities	117,406	219,685	(102,279)
Noncurrent Liabilities	501,250	2,902,064	(2,400,814)
Total Liabilities	<u>618,656</u>	<u>3,121,749</u>	<u>(2,503,093)</u>
Unrestricted	15,763,589	2,192,049	13,571,540
Restricted	162,792	238,290	(75,498)
Investment in Capital Assets	3,503,294	7,643,335	(4,140,041)
Total Net Position	<u>\$ 19,429,675</u>	<u>\$ 10,073,674</u>	<u>\$ 9,356,001</u>

ANALYSIS OF ENTITY WIDE REVENUES (STATEMENT OF CHANGES IN NET POSITION)

The Authority administers the following programs and the revenues generated from these programs during the fiscal year ended 12/31/2021 were as follows:

Program	Revenues Generated
Low Income Public Housing	\$ 2,829,587
Section 8 HCV	\$ 4,551,320
Affordable Housing	\$ 91,612
Capital Fund Program	\$ 2,943,900
ROSS Grants	\$ 119,575
Business Activities	\$ 7,159,272
Blended Component Unit	\$ 1,237,472

Total revenues for FYE 12/31/2021 were \$18,932,738 as compared to the total revenues for FYE 12/31/2020 of \$8,846,176. Comparatively, FYE 12/31/2021 revenues increased from FYE 12/31/2020 revenues by \$10,086,562.

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Net Change</u>
Total Tenant Revenue	\$ 764,083	\$ 929,175	\$ (165,092)
HUD Operating Grants	9,623,473	7,646,116	1,977,357
Capital Grants	29,880	183,970	(154,090)
Investment Income	1,902	5,760	(3,858)
Other Revenue	<u>8,513,400</u>	<u>81,155</u>	<u>8,432,245</u>
Total Revenue	<u>\$ 18,932,738</u>	<u>\$ 8,846,176</u>	<u>\$ 10,086,562</u>

ANALYSIS OF ENTITY WIDE EXPENDITURES

Total Expenditures for FYE 2021 were \$9,576,737, as compared to \$8,918,418 total expenditures for FYE 12/31/2020. Comparatively, FYE 12/31/2021 expenditures increased from FYE 12/31/2020 expenditures by \$658,319. Changes to major expense categories will be presented below.

Administrative expenditures increased by \$99,185. Salaries and benefits paid by the operating budget increased because salaries and benefits paid by Cares Act funding during 2020 were to be allocated to Tenant Services expenditures. Other administrative expenses remained nearly the same.

Tenant Services expenditures decreased by \$276,379. Normal salaries and benefits paid from the operating budget decreased because salaries and benefits paid by the Cares Act funding during 2020 were allocated to Tenant Services and covered portions of administrative, tenant services, and maintenance salaries and benefits. Other tenant services expenses remained nearly the same.

Utilities increased by \$1,673. Electricity, water, and sewer expense decreased, and gas expense increased. Other utilities expense increased due to increased Energy Performance Contract loan interest required to pay off the loan.

Maintenance expenditures increased by \$84,214. Salaries and benefits paid by the operating budget increased because salaries and benefits paid by Cares Act funding during 2020 were to be allocated to Tenant Services expenditures. Maintenance contract costs increased, and maintenance materials and protective services decreased.

General Expenses increased by \$72,779. Insurance expenses, tenant bad debt expense, compensated absences, casualty losses, and miscellaneous general expenses increased. PILOT expense decreased.

Housing Assistance Payments to landlords increased by \$693,338. An increase of \$312,691 resulted from HAP paid for converted RAD units. HVC HAP increased by \$380,647 due to increased number of units leased and increased HAP per unit month.

Depreciation Expense decreased by \$15,985.

The table below illustrates our analysis:

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Net Change</u>
Administrative	\$ 1,323,182	\$ 1,223,997	\$ 99,185
Tenant Services	348,388	624,767	(276,379)
Utilities	764,360	762,687	1,673
Maintenance	1,197,448	1,113,234	84,214
General	435,956	363,177	72,779
Interest	21,121	21,627	(506)
Housing Assistance Payments	4,456,779	3,763,441	693,338
Depreciation	<u>1,029,503</u>	<u>1,045,488</u>	<u>(15,985)</u>
Total Expenses	<u>\$ 9,576,737</u>	<u>\$ 8,918,418</u>	<u>\$ 658,319</u>

BUDGETARY ANALYSIS

The Authority adopts an annual operating budget for the Low-Income Public Housing (LIPH) and Section 8 Housing Choice Voucher (HCV) programs. The budgets for LIPH and HCV programs are adopted on the basis of accounting prescribed by the Department of Housing and Urban Development, which differs in some respects from generally accepted accounting principles.

The Authority prepares a budget for each fiscal year of Capital Fund Grant and Ross Grant Programs that are approved. The Authority is permitted four years to expend these funds. Income is only recognized as funds are expended. For the purposes of this analysis, the amount budgeted for Capital Fund Grants, Ross Grants, Business Activities, and Blended Component Units are equal to the actual revenues and expenses.

HOUSING AUTHORITY BUDGETARY HIGHLIGHTS

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Tenant Revenue	\$ 764,199	\$ 764,083	\$ (116)
HUD Operating Grants	9,531,404	9,623,473	92,069
HUD Capital Grants	29,880	29,880	-
Investment Income	1,803	1,902	99
Fraud Recovery	34,190	64,606	30,416
Other Revenue	1,278,628	1,283,522	4,894
Gain on Sale of Capital Assets	7,165,272	7,165,272	-
Total Revenue	<u>\$ 18,805,376</u>	<u>\$ 18,932,738</u>	<u>\$ 127,362</u>
Administration	1,378,137	1,323,182	54,955
Tenant Services	354,489	348,388	6,101
Utilities	830,440	764,360	66,080
Maintenance	1,240,837	1,197,448	43,389
General	387,370	435,956	(48,586)
Interest	21,121	21,121	-
Housing Assistance Payments	4,223,841	4,456,779	(232,938)
Depreciation	1,038,448	1,029,503	8,945
Total Expenses	<u>\$ 9,474,683</u>	<u>\$ 9,576,737</u>	<u>\$ (102,054)</u>
Net Income/ (Loss)	<u>\$ 9,330,693</u>	<u>\$ 9,356,001</u>	<u>\$ 25,308</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

During 2019, KHA RAD I, LP (RAD I) was formed to own and operate a 335-unit apartment community. Operations commenced on October 29, 2021, and Kokomo Housing Authority properties known as Dunbar Court, Civic Center Tower, Terrace Tower, and Pine Valley were sold to RAD I. These 335 units are rented to low-income individuals and families and, as a result, federal income tax credits became available to investors. RAD I will terminate on December 31, 2120, unless otherwise dissolved according to the partnership agreement. As part of the Rental Assistance Program, RAD I has entered into a Housing Assistance Payment (HAP) contract with the Authority which became effective November 1, 2021, and expires November 2041. Due to this relationship and due to the fact that the Authority believes the nature and significance of the primary government's relationship with KHA RAD I, LP is such that exclusion would cause the primary government's financial statements to be misleading or incomplete, the financials for KHA RAD I, LP are included as a Discretely Presented Component Unit in the total financial reports, but will not be included in the discussions in this Management Discussion and Analysis and the footnotes except as required for transactions between the Authority and RAD I.

Land remained the same during 2021.

Buildings & Leasehold Improvements decreased by \$16,933,313. Fixed assets decreased by \$17,081,036 from the sale of assets to KHA RAD I during the RAD conversion and increased by \$147,723 from the transfer of fixed assets from closed Capital Fund grants.

Furniture, Equipment & Machinery – Dwelling decreased by \$533,372 from the sale of fixed assets during the RAD conversion.

Furniture, Equipment & Machinery – Administration decreased by \$279,852. A decrease of \$284,049 was due to the sale of fixed assets during the RAD conversion and an increase of \$4,197 was due to purchases of capital assets.

Construction in Progress decreased by \$117,842 from a decrease in capital assets from open Capital Grants.

Accumulated Depreciation decreased by \$11,328,226. The current year's depreciation was \$1,029,503. A decrease of \$12,357,729 was from the sale and of capital assets during the RAD conversion.

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>Net Change</u>
Land	\$ 1,118,695	\$ 1,118,695	\$ -
Buildings	14,055,276	30,988,589	(16,933,313)
Furniture/ Equip./ Machinery-Dwell	497,718	1,031,090	(533,372)
Furniture/ Equip./ Machinery-Admin	502,992	782,844	(279,852)
Construction in Progress	<u>123,296</u>	<u>241,138</u>	<u>(117,842)</u>
Total Capital Assets	16,297,977	34,162,356	(17,864,379)
Accumulated Depreciation	<u>(12,402,591)</u>	<u>(23,730,817)</u>	<u>11,328,226</u>
Net Capital Assets	<u>\$ 3,895,386</u>	<u>\$ 10,431,539</u>	<u>\$ (6,536,153)</u>

More detailed information about the capital assets is presented in the Notes to the Financial Statements.

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Chief Executive Officer, Housing Authority of the City of Kokomo, P.O. Box 1207, Kokomo, Indiana 46903-1207.

Independent Auditor's Report

To the Board of Commissioners
Kokomo Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Housing Authority of the Kokomo Housing Authority (the "Authority") and the discretely presented component unit, as of and for the year ended December 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority and the discretely presented component unit, as of December 31, 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.

We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-6 is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental data, including the financial data schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule, the statement of net position – by program, the statement of revenues, expenses, and changes in fund net position – by program, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Henderson & Pilleteri, LLC

Birmingham, AL
September 16, 2022

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

Independent Auditor's Report

To the Board of Commissioners
Kokomo Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Kokomo Housing Authority (the "Authority") and its discretely presented component units, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 16, 2022. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units as described in our report on the Authority's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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 opinion 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henderson & Pilleteri, LLC

Birmingham, AL
September 16, 2022

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

Independent Auditor's Report

To the Board of Commissioners
Kokomo Housing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kokomo Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 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.

In our opinion, Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Henderson & Pilletieri, LLC

Birmingham, AL
September 16, 2022

KOKOMO HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government	Discrete Component Unit
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents	\$ 2,079,670	\$ 47,651
Restricted cash and cash equivalents	269,106	15,509,938
Due from HUD	64,635	-
Miscellaneous receivable, net	53,651	195,126
Tenants receivable, net	3,449	64,545
Fraud recovery receivable, net	7,335	-
Notes and mortgages receivable, current portion	8,021	-
Prepaid expenses and other assets	4,190	-
Inventories, net	46,294	-
Total current assets	2,536,351	15,817,260
Noncurrent assets:		
Capital assets:		
Land and construction in progress	1,241,991	7,374,005
Buildings and equipment, net of depreciation	2,653,395	12,207,423
Total capital assets	3,895,386	19,581,428
Other noncurrent assets	13,616,594	97,074
Total assets	20,048,331	35,495,762
LIABILITIES		
Current liabilities:		
Accounts payable	49,952	116,512
Accrued liabilities	15,942	225
Tenant security deposits	29,311	21,107
Unearned revenue	5,673	20,764
Other current liabilities	6,699	3,034,848
Notes payable, current portion	9,829	-
Total current liabilities	117,406	3,193,456
Noncurrent liabilities:		
Notes payable, net of current portion	382,263	28,401,872
Compensated absences, net of current portion	48,683	-
Noncurrent liabilities - other	70,304	399,822
Total noncurrent liabilities	501,250	28,801,694
Total liabilities	618,656	31,995,150
NET POSITION		
Net investment in capital assets	3,503,294	(8,820,444)
Restricted	162,792	15,475,901
Unrestricted	15,763,589	(3,154,845)
Total net position	\$ 19,429,675	\$ 3,500,612

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

KOKOMO HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2021

	Primary Government	Discrete Component Unit
OPERATING REVENUES		
Rental income	\$ 764,083	\$ 419,770
Federal grants	9,623,473	-
Other	1,348,128	-
	<hr/>	<hr/>
Total operating revenues	11,735,684	419,770
	<hr/>	<hr/>
OPERATING EXPENSES		
Administration	1,323,182	98,125
Tenant services	348,388	-
Utilities	764,360	105,402
Maintenance	1,197,448	31,546
Protective services	10,681	-
General	425,275	493
Housing assistance payments	4,456,779	-
Depreciation	1,029,503	51,077
	<hr/>	<hr/>
Total operating expenses	9,555,616	286,643
	<hr/>	<hr/>
Operating income (loss)	2,180,068	133,127
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	1,902	-
Gain on sale of capital assets	7,165,272	-
Interest expense	(21,121)	(2,788)
	<hr/>	<hr/>
Income (loss) before contributions	9,326,121	130,339
Capital contributions	29,880	-
Special items	-	3,370,273
	<hr/>	<hr/>
Change in net position	9,356,001	3,500,612
Total net position - beginning of the year	10,073,674	-
	<hr/>	<hr/>
Total net position - end of the year	\$ 19,429,675	\$ 3,500,612
	<hr/>	<hr/>

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

KOKOMO HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Primary Government	Discrete Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	\$ 975,862	\$ 181,206
Federal grants	9,495,701	20,764
Other receipts	377,636	302,748
Payments to suppliers and Section 8 landlords	(6,682,947)	2,951,720
Payments to or on behalf of employees	(1,966,232)	(35,926)
Net cash provided (used) by operating activities	2,200,020	3,420,512
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	7,165,272	-
Purchase of capital assets	5,506,651	(16,262,232)
Capital contributions	29,880	-
Principal payments on capital debt	(2,396,113)	28,401,872
Interest payments on capital debt	(21,121)	(2,563)
Net cash provided (used) by capital financing activities	10,284,569	12,137,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	1,902	-
Issuance of note receivable	(12,700,253)	-
Net cash provided (used) by investing activities	(12,698,351)	-
Net increase (decrease) in cash and cash equivalents	(213,762)	15,557,589
Balances - beginning of the year	2,562,538	-
Balances - end of the year	\$ 2,348,776	\$ 15,557,589
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,180,068	\$ 133,127
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,029,503	51,077
Change in assets and liabilities:		
Receivables, net	(994,571)	(356,745)
Inventories, net	(11,369)	-
Prepays and other assets	96,670	-
Accounts payable	6,631	116,512
Intergovernmental payables	(6,187)	-
Unearned revenue	(68,899)	20,764
Other liabilities	1,657	3,434,670
Accrued liabilities	506	-
Compensated absences	(5,925)	-
Tenant security deposits	(28,064)	21,107
Net cash provided (used) by operating activities	\$ 2,200,020	\$ 3,420,512

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

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

The financial statements of the HOUSING AUTHORITY OF THE CITY OF KOKOMO have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to special purpose governments engaged in business type activities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE CITY OF KOKOMO ("the Authority") is a public corporation which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a Low-Income Public Housing (LIPH) program (Contract No. C-941) and a Section 8 Housing Choice Voucher program (Contract No. C-2034). The financial statements also include the component units named Superior Street Housing Development Corporation (SSHDC) and Khatco, Inc.

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Kokomo, a primary government. During 2020, the subsidy for 40 LIPH units was transferred to a RAD project, but the units remained the property of the Authority. Those units are listed below as Affordable Housing and remain part of the Kokomo Housing Authority.

Although they are legally separate from the Kokomo Housing Authority, the Superior Street Housing Development Corporation and KHATCO, Inc are reported as if they were part of the primary government because their sole purpose is to work in conjunction with the Housing Authority to assist with providing housing and training, and they have the same governing board. The criteria for inclusion as a blended component unit includes manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Accordingly, SSHDC's and KHATCO, Inc.'s financial information has been included with the Kokomo Housing Authority.

In addition, during 2019, KHA RAD I, LP (RAD I) was formed to own and operate a 335-unit apartment community. Operations commenced on October 29, 2021, and Kokomo Housing Authority properties known as Dunbar Court, Civic Center Tower, Terrace Tower, and Pine Valley were sold to RAD I. These 335 units are rented to low-income individuals and families and, as a result, federal income tax credits became available to investors. RAD I will terminate on December 31, 2120, unless otherwise dissolved according to the partnership agreement. As part of the Rental Assistance Program, RAD I has entered into a Housing Assistance Payment (HAP) contract with the Authority which became effective November 1, 2021, and expires November 2041. Due to this relationship and due to the fact that the Authority believes the nature and significance of the primary government's relationship with KHA RAD I, LP is such that exclusion would cause the primary government's financial statements to be misleading or incomplete, the financials for KHA RAD I, LP are included as a Discretely Presented Component Unit in the total financial reports, but will not be included in the discussions in following footnotes except as required for transactions between the Authority and RAD I.

There are no other component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

On December 31, 2021, the Housing Authority had 1,320 units in management and was administering other programs as listed below:

<u>Management</u>	
Low-Income Public Housing	175
Section 8 Housing Choice Vouchers	726
Section 8 Project Based Vouchers	375
Affordable Housing	40
SSHDC	<u>4</u>
TOTAL ALL MANAGEMENT PROGRAMS	<u>1,320</u>

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)

Other Programs

Capital Fund Program
Resident Opportunity and Supportive Services
Business Activities
Blended Component Units:

Superior Street Housing Development Corp.
Non-Profit Training Company – KHATCO, Inc.

	Housing Authority	Blended Component Units	Total
<u>Condensed Statement of Net Position</u>			
Current assets	\$ 2,522,982	\$ 13,369	\$ 2,536,351
Capital Assets	3,298,963	596,423	3,895,386
Non-Current Assets	13,616,594	-	13,616,594
Total assets	19,438,539	609,792	20,048,331
Current liabilities	104,649	12,757	117,406
Non-current liabilities	118,987	382,263	501,250
Total liabilities	223,636	395,020	618,656
Net investment in capital assets	3,298,963	204,331	3,503,294
Restricted	162,543	249	162,792
Unrestricted	15,753,397	10,192	15,763,589
Total Net Position	\$ 19,214,903	\$ 214,772	\$ 19,429,675

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 874,762	\$ 1,237,449	\$ 2,112,211
Operating expenses			
Operating expense – other	(8,520,221)	(5,892)	(8,526,113)
Depreciation expense	(1,010,865)	(18,638)	(1,029,503)
Nonoperating revenue			
Nonoperating revenue (expense) – other	7,167,151	(21,098)	7,146,053
Federal operating grants	9,623,473	-	9,623,473
Net income before Operating Transfers and Capital Contributions	8,134,300	1,191,821	9,326,121
Operating Transfers	302,156	(302,156)	-
Capital Contributions	29,880	-	29,880
Change in net position	8,466,336	889,665	9,356,001
Net Position, beginning of year	10,748,567	(674,893)	10,073,674
Net Position, end of year	\$ 19,214,903	\$ 214,772	\$ 19,429,675

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)

	<u>Condensed Statement of Cash Flows</u>		
Net Cash Provided (Used) by Operating Activities	\$ 1,269,127	\$ 930,893	\$ 2,200,020
Net Cash from Noncapital Financing Activities	-	-	-
Net Cash Flows Provided (Used) by Capital And Related Financing Activities	11,203,552	(918,983)	10,284,569
Net Cash from Investing Activities	<u>(12,697,752)</u>	<u>(599)</u>	<u>(12,698,351)</u>
Net Increase in Cash and Cash Equivalents	(225,073)	11,311	(213,762)
Cash – Beginning of Year	<u>2,562,538</u>	<u>-</u>	<u>2,562,538</u>
Cash – End of Year	\$ <u>2,337,465</u>	\$ <u>11,311</u>	\$ <u>2,348,776</u>

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

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

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

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

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has debt for capital assets purchased through its Superior Street Development Corporation.

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

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

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

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

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)

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

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

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

Tenant Receivables – Receivables for rentals and tenant charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board acts as necessary (at least annually) to write off specific uncollectible accounts receivable balances.

Prepaid - Prepays represent payments made to vendors for services that will benefit beyond December 31, 2021.

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

Interprogram Due From and Due To - During the course of its operations, the Authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between programs for which the applicable cash transfer had not been made as of the balance sheet date. Interprogram accounts have been eliminated for financial statement reporting purposes.

Capital Assets - Capital assets purchased are recorded at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires furniture, equipment, and machinery assets to be capitalized when their cost is \$2,000 or more with an anticipated useful life of more than one (1) year. Modernization and Development Costs, having a useful life of more than one (1) year with a cost of \$5,000 or more, shall be capitalized. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash reimbursements from HUD, there are no capitalized interest costs in current programs.

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

<u>Class</u>	<u>Life</u>
Buildings & Improvements	15-40 years
Furniture, Equipment & Machinery	3-7 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are 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. Any portion of vacation time not taken by December 31 will be forfeited.

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

Restricted Assets - Certain assets may be classified as restricted assets on the balance sheet because their use is restricted by contracts or agreements with outside third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted, as they are needed.

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (Continued)

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

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

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

Recent Accounting Pronouncements - The Authority has adopted GASB Statement No.95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement No. 95 postpones the effective dates of the following GASB Statements and Implementation Guides for one year from their original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic:

- Statement 83—reporting periods beginning after June 15, 2019
- Statement 84 and Implementation Guide 2019-2—reporting periods beginning after December 15, 2019
- Statement 87 and Implementation Guide 2019-3—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Statement 88—reporting periods beginning after June 15, 2019
- Statement 89—reporting periods beginning after December 15, 2020
- Statement 90—reporting periods beginning after December 15, 2019
- Statement 91—reporting periods beginning after December 15, 2021
- Statement 92, paragraphs 6 and 7—fiscal years beginning after June 15, 2021
- Statement 92, paragraphs 8, 9, and 12—reporting periods beginning after June 15, 2021
- Statement 92, paragraph 10—government acquisitions occurring in reporting periods beginning after June 15, 2021
- Statement 93, paragraphs 13 and 14 (relating to lease modifications)—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Implementation Guide 2017-3, Questions 4.484 and 4.491- the first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019
- Implementation Guide 2017-3, Questions 4.85, 4.103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245, and 5.1–5.4—actuarial valuations as of December 15, 2018, or later
- Implementation Guide 2018-1—reporting periods beginning after June 15, 2019
- Implementation Guide 2019-1—reporting periods beginning after June 15, 2020

The GASB encourages and permits earlier application of these standards to the extent specified in each pronouncement as originally issued. The adoption of GASB Statement No. 95 had no material effect on the Authority's December 31, 2021 financial statements.

NOTE 2 – DEPOSITS, CASH AND CASH EQUIVALENTS, AND INVESTMENTS

1. HUD Deposit Restrictions

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

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

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 2 – DEPOSITS, CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority’s investment policy limits the Authority’s investment portfolio to maturities not to exceed ten years at time of purchase. On December 31, 2021, the Authority’s deposits and investments were not limited and all of which are either available on demand or have callable maturities of less than ten years.

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

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

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

The carrying amounts of the Authority’s cash deposits were \$2,348,776 on December 31, 2021. Bank balances before reconciling items were \$2,701,600, the total amount of which are either covered by federal depository insurance, by collateral held by the Authority’s agent in the Authority’s name or by the Federal Reserve Banks acting as third-party agents or by a collateralization agreement. Restricted cash includes tenant security deposits and family self-sufficiency escrow deposits.

Cash and Deposits on December 31, 2021, consist of the following:

Cash/Checking accounts	\$ 2,132,559
Money Market/Savings/CDs	<u>216,217</u>
Total cash and deposits	<u>\$ 2,348,776</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable on December 31, 2021, consist of the following:

HUD	\$ 64,635
Notes Receivable, Net of Allowance of \$3,527	4,494
Fraud Recovery Receivable	
Net of Allowance for Doubtful Accounts of \$143,594	7,335
Tenant Receivables	
Net of Allowance for Doubtful Accounts of \$6,116	2,485
RAD Expenses Receivable	72,848
Other	<u>1,044</u>
Total Accounts Receivable	<u>\$ 152,841</u>

NOTE 4 – PREPAID EXPENSES

Prepaid expenses on December 31, 2021, consist of the following:

Prepaid Insurance	\$ 2,390
Prepaid Training	<u>1,800</u>
Total Prepaid Expenses	<u>\$ 4,190</u>

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 5 – INVENTORY

Inventory, net of allowance of \$710 \$ 46,294

Materials inventories are recorded at cost. The first-in/first-out (FIFO) inventory flow assumption is used to determine expenses. Expenses are recorded when inventory is consumed.

NOTE 6 – MORTGAGES RECEIVABLE

Mortgages receivable on December 31, 2021, consist of the following:

Silent Second Homeownership Mortgage, Net of Allowance of \$15,750 \$ 0

NOTE 7 – COMPONENT UNITS

Blended Component Units

The Superior Street Housing Development Corporation (SSHDC) and KHATCO, Inc. were established by the Housing Authority of the City of Kokomo as not-for-profit corporations. The general purpose of SSHDC is to develop, construct, rehabilitate, maintain, and manage residential dwellings for low-income families pursuant to economic guidelines established by the United States Department of Housing and Urban Development (HUD). The purpose of KHATCO, Inc. is to provide training and educational services to tenants, landlords, and employees of the Authority, and to the public. They are governed by the Authority's Board of Directors.

Discretely Presented Component Unit

KHA RAD 1, LP was formed to own and operate a 335-unit apartment community, rented to low-income individuals and families and, as a result, federal income tax credits became available to investors. As part of the Rental Assistance Program, KHA RAD 1, LP has entered into a Housing Assistance Payment (HAP) contract with the Authority which became effective November 1, 2021, and expires November 2041.

NOTE 8 – CAPITAL ASSETS

A summary in changes in capital assets is as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Reclassifications / Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,118,695	\$ -	\$ -	\$ -	\$ 1,118,695
Construction in progress	<u>241,139</u>	<u>29,880</u>	<u>-</u>	<u>(147,723)</u>	<u>123,296</u>
Total capital assets not being depreciated	<u>1,359,834</u>	<u>29,880</u>	<u>-</u>	<u>(147,723)</u>	<u>1,241,991</u>
Capital assets being depreciated					
Buildings and improvements	30,988,589	-	(17,081,036)	147,723	14,055,276
Equipment	<u>1,804,824</u>	<u>-</u>	<u>(808,311)</u>	<u>-</u>	<u>1,000,710</u>
Total capital assets being depreciated	<u>32,793,413</u>	<u>-</u>	<u>(17,889,347)</u>	<u>147,723</u>	<u>15,055,986</u>
Less accumulated depreciation for:					
Buildings and improvements	(21,997,866)	(995,428)	11,554,767	-	(11,438,527)
Equipment	<u>(1,723,842)</u>	<u>(34,075)</u>	<u>793,853</u>	<u>-</u>	<u>(964,064)</u>
Total accumulated depreciation	<u>(23,721,708)</u>	<u>(1,029,503)</u>	<u>12,348,620</u>	<u>-</u>	<u>(12,402,591)</u>
Capital assets, net	<u>\$ 10,431,539</u>	<u>\$ (999,623)</u>	<u>\$ (5,540,727)</u>	<u>\$ -</u>	<u>\$ 3,895,386</u>

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 8 – CAPITAL ASSETS (Continued)

	Discretely Presented Component Unit				
	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ -	\$ 441,500	\$ -	\$ -	\$ 441,500
Construction in progress	-	6,932,505	-	-	6,932,505
Total capital assets not being depreciated	-	7,374,005	-	-	7,374,005
Capital assets being depreciated					
Buildings and improvements	-	12,258,500	-	-	12,258,500
Total capital assets being depreciated	-	12,258,500	-	-	12,258,500
Less accumulated depreciation for:					
Buildings and improvements	-	(51,077)	-	-	(51,077)
Total accumulated depreciation	-	(51,077)	-	-	(51,077)
Capital assets, net	\$ -	\$ 19,581,428	\$ -	\$ -	\$ 19,581,428

There were no major construction projects in process at the fiscal year ending December 31, 2021.

Depreciation expense for the year was: \$ 1,029,503

NOTE 9 – ACCOUNTS PAYABLE

Accounts payable on December 31, 2021, consist of the following:

Vendors' Accounts Payable	\$ 49,952
Tenant Security Deposits	29,311
Individual Savings Accounts Payable	6,699
Accrued Wage/Payroll Taxes Payable	15,942
	\$ 101,904

NOTE 10 – UNEARNED REVENUE

Unearned Revenue on December 31, 2021, consists of the following:

Tenant prepaid rents	\$ 5,673
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NOTE 11 – NONCURRENT LIABILITIES

Noncurrent liabilities on December 31, 2021, consist of the following:

Family Self-Sufficiency (FSS) Escrow Deposits	\$ 70,304
Construction Loan Payable	392,092
Accrued Absences - Noncurrent	48,683
	\$ 511,079

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 11 – NONCURRENT LIABILITIES (Continued)

	Primary Government				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
FSS Escrow Deposits	\$ 50,346	\$ 47,417	\$ 27,459	\$ 70,304	\$ -
EPC Coningency Fund	25,000	-	25,000	-	-
EPC Loan	2,387,470	-	2,387,470	-	-
Construction Loan	400,735	-	8,643	392,092	9,829
Accrued Absences	54,608	11,919	17,844	48,683	-
Total noncurrent liabilities	<u>\$ 2,918,159</u>	<u>\$ 59,336</u>	<u>\$ 2,466,416</u>	<u>\$ 511,079</u>	<u>\$ 9,829</u>

	Discretely Presented Component Unit				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ -	\$ 29,154,978	\$ 753,106	\$ 28,401,872	\$ -
Accrued interest payable	-	128,633	-	128,633	-
Construction Loan	-	1,504,574	-	1,504,574	1,233,160
Developer Fee Payable	-	1,801,688	-	1,801,688	1,801,688
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 32,589,873</u>	<u>\$ 753,106</u>	<u>\$ 31,836,767</u>	<u>\$ 3,034,848</u>

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
For the year ending December 31, 2022	\$ 9,829	\$ 20,648	\$ 30,477
For the year ending December 31, 2023	9,611	20,152	29,763
For the year ending December 31, 2024	10,078	19,685	29,763
For the year ending December 31, 2025	10,685	19,078	29,763
For the year ending December 31, 2026	11,267	18,496	29,763
For the year ending December 31, 2027 - 2031	66,195	82,620	148,815
For the year ending December 31, 2032 - 2036	86,306	62,509	148,815
For the year ending December 31, 2037 - 2041	112,619	36,196	148,815
For the year ending December 31, 2042 - 2044	75,502	5,900	81,402
	<u>\$ 392,092</u>	<u>\$ 285,284</u>	<u>\$ 677,376</u>

NOTE 12 – FEDERAL OPERATING GRANTS

HUD contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Low Rent Public Housing	\$ 2,071,494
Housing Choice Vouchers	4,318,006
Mainstream Vouchers	97,440
Capital Fund Grants	2,914,020
CARES Act Low Rent Public Housing Grant	36,944
CARES Act Housing Choice Vouchers Grant	65,994
ROSS Grants	<u>119,575</u>
TOTAL	<u>\$ 9,623,473</u>

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 13 – FEDERAL CAPITAL GRANTS

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended December 31, 2021, were \$29,880.

Capital Fund	<u>\$ 29,880</u>
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NOTE 14 – CONTINGENCIES

Litigation – On or about October 25, 2019, the Authority was served with a Complaint for Damages and Request for Jury Trial alleging negligence on the part of the Authority concerning an alleged slip and fall at one of the Authority’s properties. The claim alleges injury on behalf of the Claimant on or about October 18, 2018, from falling due to wet conditions on the floor of one of the Authority’s properties. The Authority’s liability insurance carrier has provided counsel and defense. This litigation was resolved by way of settlement agreement. The case was dismissed with prejudice.

On or about January 13, 2021, the Authority was served with a Complaint for Damages alleging negligence on the part of the Authority concerning pest control. The claim alleges injury on behalf of the Claimant on or about February 10, 2019, from bed bugs. The Authority’s liability insurance carrier has provided counsel and defense. This litigation was resolved by way of settlement agreement. The case was then dismissed, with prejudice, on July 18, 2021.

On or about July 7, 2021, the Authority was served with a Complaint for Damages alleging negligence on the part of the Authority concerning pest control. The claim alleges injury on behalf of the Claimant at some time before July 2021 from bed bugs. The Authority’s liability insurance carrier has provided counsel and defense. This litigation was resolved by way of settlement agreement. The case was dismissed, with prejudice, on September 29, 2021.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the authority in the current and prior years.

During 2021, the Quality Assurance Division (QAD) staff of Housing and Urban Development (HUD) conducted a Voucher Management System (VMS) Validation Review. The purpose of the review was to identify any VMS reporting discrepancies, and to provide guidance and technical assistance related to improving the HCV data reported in the VMS. The review focused on the period from August 2020 through July 2021. The audit resulted in a total overall units leased variance of less than 0.19% and a total HAP payments variance of 0.0%. HUD allows for up to a 3% variance before they consider it cause for concern.

There were no other examinations during the year ended December 31, 2021.

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

Construction Projects - There were no major construction projects in process on December 31, 2021.

NOTE 15 – RISK MANAGEMENT

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

NOTE 16 – ECONOMIC DEPENDENCY

Not taking into account the one-time gain from the sale of assets for the RAD I conversion, the Authority received approximately 89% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority’s operations could be adversely affected.

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 17 – CONDUIT TYPE DEBT

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

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

NOTE 18 – DEFINED CONTRIBUTION PLAN

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of full-time employment or if the employee worked at least 2000 hours the preceding year. The Authority contributes an amount equal to 9% of the employee base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after 5 years. The Authority's total pension contribution in fiscal year ending December 31, 2021, was \$126,895. Total annual payroll expense was \$1,522,225.

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

No pension plan provision changes occurred during the year that affected the required contributions to be made by the Authority. The Authority's pension plan held no securities of the Authority or other related parties during the year or as of the close of the fiscal year ended December 31, 2021.

NOTE 19 – RESTRICTED NET POSITION

PRIMARY GOVERNMENT

The primary government's restricted net position balance of \$162,792 as of December 31, 2021, consists of excess Housing Assistance Payment (HAP) funds available to the Authority under the Housing Choice Voucher program of \$127,493, operating reserve requirements related to the Home Ownership program under the Low Rent program of \$35,050, and operating reserve requirements of \$249 under one of the Authority's blended component units, KHATCO, Inc.

COMPONENT UNIT

The Discretely Presented Component Unit is required to restrict the cash in for its bond service reserve in the amount of \$15,475,000. \$901 in cash is also restricted for construction usage. The restricted net position amount related to these requirements is \$15,475,901 as of December 31, 2021.

NOTE 20 – SPECIAL ITEMS

During the fiscal year ended December 31, 2021, the Authority reported special items amounting to a gain of \$3,370,273. This amount was related to payment of partner's equity and payment of syndication fees in order to form KHA RAD I, LP as part of the Authority's RAD conversion. In addition, the Public Housing Program reported special items amounting to a loss of \$6,623,088 while the Business Activities program reported special items amounting to a gain of \$6,623,088, resulting in a net effect of \$0 on the Authority's financial statements. This was related to transfers of property as part of the Authority's RAD conversion.

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 21 – BLENDED COMPONENT UNITS

Condensed combining information for the Authority’s blended component units, Superior Street Housing Development Corp. and KHATCO, Inc., for the year ended December 31, 2021 is presented as follows:

**CONDENSED STATEMENT OF NET POSITION
December 31, 2021**

	Superior Street Housing Development Corp.	Khatco, Inc.
ASSETS		
Current assets	\$ 13,120	\$ 249
Noncurrent assets	<u>596,423</u>	<u>-</u>
Total assets	<u>609,543</u>	<u>249</u>
LIABILITIES		
Current liabilities	12,757	-
Noncurrent liabilities	<u>382,263</u>	<u>-</u>
Total liabilities	<u>395,020</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	204,331	
Restricted	-	249
Unrestricted	<u>10,192</u>	<u>-</u>
Total net position	<u>\$ 214,523</u>	<u>\$ 249</u>

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 21 – BLENDED COMPONENT UNITS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
December 31, 2021

	Superior Street Housing Development Corp.	Khatco, Inc.
OPERATING REVENUES (EXPENSES)		
Operating revenues	\$ 1,237,389	\$ -
Operating expenses	<u>(24,470)</u>	<u>-</u>
Operating income (loss)	1,212,919	-
NONOPERATING REVENUES (EXPENSES)		
Nonoperating revenues	23	-
Nonoperating expenses	<u>(21,121)</u>	<u>-</u>
Income (loss) before transfers	1,191,821	-
Operating transfers from primary government	<u>(302,156)</u>	<u>-</u>
Change in net position	889,665	-
Total net position - beginning of the year	-	-
Equity transfers	<u>(675,142)</u>	<u>249</u>
Total net position - beginning of the year, as restated	<u>(675,142)</u>	<u>249</u>
Total net position - end of the year	<u>\$ 214,523</u>	<u>\$ 249</u>

CONDENSED STATEMENT OF CASH FLOWS
December 31, 2021

	Superior Street Housing Development Corp.	Khatco, Inc.
NET CASH PROVIDED (USED) BY:		
Operating activities	\$ 930,893	\$ -
Capital and related financing activities	(919,232)	249
Investing activities	<u>(599)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	11,062	249
Cash balances - beginning of the year	<u>-</u>	<u>-</u>
Cash balances - end of the year	<u>\$ 11,062</u>	<u>\$ 249</u>

KOKOMO HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 22 – TRANSACTIONS WITH DISCRETELY PRESENT COMPONENT UNIT

Superior Street Housing Development Corporation, one of the Authority’s blended component units, serves as codeveloper for the KHA RAD I, LP (Discretely Presented Component Unit). As compensation for these services, the Authority is to receive \$2,406,000. The fee is to be paid at various times, as specified in the development agreement. As of December 31, 2021, a total of \$1,203,000 was earned and \$900,844 is outstanding. If the development fee has not been paid in full by the 13th anniversary of completion, the general partner is required to make a capital contribution sufficient for payment of any unpaid amount.

On October 1, 2021, the Discretely Presented Component Unit, KHA RAD I, LP, obtained a loan from the Housing Authority of the City of Kokomo, Indiana (KHA) in the amount of \$12,700,000. The loan bears interest at 6%, payable annually beginning December 1, 2023. Payments are subject to surplus cash, as defined. Principal and any accrued interest is due on December 1, 2063. Accrued interest on December 31, 2021 was \$127,000.

NOTE 23 – INTER-PROGRAM BALANCES

Inter-program balances December 31, 2021, consisted of the following:

	Interprogram Due From	Interprogram Due To
Central Office Cost Center	\$ 34,032	\$ -
Low Rent Public Housing Program	-	27,767
Resident Opportunity and Supportive Services	-	6,265
Total	\$ 34,032	\$ 34,032

These inter-program balances exist because in the normal course of operations, certain programs may pay for common costs or advance funds for operational shortfalls that create inter-program receivables or payables. The balances are expected to be repaid within one year from the balance sheet date.

NOTE 24 – SUBSEQUENT EVENTS

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

Management has evaluated the activity of the Authority through September 19, 2022, and concluded that the below subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

NOTE 25 – FINANCIAL DATA SCHEDULE

The Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule’s format excludes depreciation expense from operating activities and includes investment revenue, gain/loss on sale of capital assets, interest expense (capital debt related), special items, and capital grant revenue in operating activities, which differs from the presentation of the basic financial statements.

KOKOMO HOUSING AUTHORITY
SUPPLEMENTARY INFORMATION – STATEMENT OF NET POSITION – BY PROGRAM
DECEMBER 31, 2021

	PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHER	SECTION 8 MAINSTREAM	BLENDED COMPONENT UNITS	DISCRETELY PRESENTED COMPONENT UNIT	BUSINESS ACTIVITIES	RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES	ELIMINATION	TOTAL
ASSETS									
Unrestricted cash and cash equivalents	\$ 1,245,909	95,537	-	8,312	47,651	729,912	-	-	\$ 2,127,321
Restricted cash and cash equivalents	72,784	193,323	-	2,999	15,509,938	-	-	-	15,779,044
Due from HUD	58,370	-	-	-	-	-	6,265	-	64,635
Miscellaneous receivable, net	(8,202)	62,817	-	(964)	195,126	-	-	-	248,777
Tenants receivable, net	2,286	908	-	10	64,545	245	-	-	67,994
Fraud recovery receivable, net	4,884	902	-	-	-	1,549	-	-	7,335
Notes and mortgages receivable, current portion	7,399	-	-	622	-	-	-	-	8,021
Interprogram	34,032	-	-	-	-	-	-	(34,032)	-
Prepaid expenses and other assets	1,800	-	-	2,390	-	-	-	-	4,190
Inventories, net	46,294	-	-	-	-	-	-	-	46,294
Capital assets:									
Land and construction in progress	585,490	-	-	-	7,374,005	656,501	-	-	8,615,996
Buildings and equipment, net of depreciation	2,045,880	-	-	596,423	12,207,423	11,092	-	-	14,860,818
Total capital assets	2,631,370	-	-	596,423	19,581,428	667,593	-	-	23,476,814
Other noncurrent assets	15,750	-	-	-	97,074	13,600,844	-	-	13,713,668
Total assets	4,112,676	353,487	-	609,792	35,495,762	15,000,143	6,265	(34,032)	55,544,093
LIABILITIES									
Accounts payable	29,592	5,463	-	178	116,512	14,719	-	-	166,464
Accrued liabilities	15,942	-	-	-	225	-	-	-	16,167
Interprogram	27,767	-	-	-	-	-	6,265	(34,032)	-
Tenant security deposits	26,561	-	-	2,750	21,107	-	-	-	50,418
Unearned revenue	5,608	-	-	-	20,764	65	-	-	26,437
Other current liabilities	6,699	-	-	-	3,034,848	-	-	-	3,041,547
Long-term liabilities:									
Due within one year:									
Notes payable, current portion	-	-	-	9,829	-	-	-	-	9,829
Due in more than one year:									
Notes payable, net of current portion	-	-	-	382,263	28,401,872	-	-	-	28,784,135
Compensated absences, net of current port	34,244	14,439	-	-	-	-	-	-	48,683
Noncurrent liabilities - other	4,474	65,830	-	-	399,822	-	-	-	470,126
Total liabilities	150,887	85,732	-	395,020	31,995,150	14,784	6,265	(34,032)	32,613,806
NET POSITION									
Net investment in capital assets	2,631,370	-	-	204,331	(8,820,444)	667,593	-	-	(5,317,150)
Restricted	35,050	127,493	-	249	15,475,901	-	-	-	15,638,693
Unrestricted	1,295,369	140,262	-	10,192	(3,154,845)	14,317,766	-	-	12,608,744
Total net position	\$ 3,961,789	\$ 267,755	\$ -	\$ 214,772	\$ 3,500,612	\$ 14,985,359	\$ -	\$ -	\$ 22,930,287

KOKOMO HOUSING AUTHORITY
SUPPLEMENTARY INFORMATION – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – BY PROGRAM
YEAR ENDED DECEMBER 31, 2021

	<u>PUBLIC HOUSING</u>	<u>SECTION 8 HOUSING CHOICE VOUCHER</u>	<u>SECTION 8 MAINSTREAM</u>	<u>BLENDED COMPONENT UNITS</u>	<u>DISCRETELY PRESENTED COMPONENT UNIT</u>	<u>BUSINESS ACTIVITIES</u>	<u>RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES</u>	<u>ELIMINATION</u>	<u>TOTAL</u>
OPERATING REVENUES									
Rental income	\$ 729,634	\$ -	\$ -	\$ 34,449	\$ 419,770	\$ -	\$ -	\$ -	\$ 1,183,853
Federal grants	5,022,458	4,384,000	97,440	-	-	-	119,575	-	9,623,473
Other	748,792	69,380	-	1,203,000	-	-	-	(673,044)	1,348,128
Total operating revenues	<u>6,500,884</u>	<u>4,453,380</u>	<u>97,440</u>	<u>1,237,449</u>	<u>419,770</u>	<u>-</u>	<u>119,575</u>	<u>(673,044)</u>	<u>12,155,454</u>
OPERATING EXPENSES									
Administration	1,521,494	466,952	7,650	128	98,125	2	-	(673,044)	1,421,307
Tenant services	193,251	87,854	-	-	-	-	67,283	-	348,388
Utilities	762,168	987	-	1,205	105,402	-	-	-	869,762
Maintenance	1,189,176	6,316	-	1,956	31,546	-	-	-	1,228,994
Protective services	10,431	250	-	-	-	-	-	-	10,681
General	396,040	26,632	-	2,603	493	-	-	-	425,768
Housing assistance payments	343,442	4,010,061	103,276	-	-	-	-	-	4,456,779
Depreciation	<u>1,010,865</u>	<u>-</u>	<u>-</u>	<u>18,638</u>	<u>51,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080,580</u>
Total operating expenses	<u>5,426,867</u>	<u>4,599,052</u>	<u>110,926</u>	<u>24,530</u>	<u>286,643</u>	<u>2</u>	<u>67,283</u>	<u>(673,044)</u>	<u>9,842,259</u>
Operating income (loss)	1,074,017	(145,672)	(13,486)	1,212,919	133,127	(2)	52,292	-	2,313,195
NONOPERATING REVENUES (EXPENSES)									
Interest revenue	1,379	500	-	23	-	-	-	-	1,902
Gain on sale of capital assets	6,000	-	-	-	-	7,159,272	-	-	7,165,272
Interest expense	-	-	-	(21,121)	(2,788)	-	-	-	(23,909)
Income (loss) before contributions, transfer	1,081,396	(145,172)	(13,486)	1,191,821	130,339	7,159,270	52,292	-	9,456,460
Capital contributions	29,880	-	-	-	-	-	-	-	29,880
Operating transfers	26,146	26,146	-	(302,156)	-	302,156	(52,292)	-	-
Special items	<u>(6,623,088)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,370,273</u>	<u>6,623,088</u>	<u>-</u>	<u>-</u>	<u>3,370,273</u>
Change in net position	(5,485,666)	(119,026)	(13,486)	889,665	3,500,612	14,084,514	-	-	12,856,613
Total net position - beginning of the year	9,447,455	386,781	13,486	-	-	225,952	-	-	10,073,674
Equity transfer	-	-	-	(674,893)	-	674,893	-	-	-
Total net position - beginning of the year, as restated	<u>9,447,455</u>	<u>386,781</u>	<u>13,486</u>	<u>(674,893)</u>	<u>-</u>	<u>900,845</u>	<u>-</u>	<u>-</u>	<u>10,073,674</u>
Total net position - end of the year	<u>\$ 3,961,789</u>	<u>\$ 267,755</u>	<u>\$ -</u>	<u>\$ 214,772</u>	<u>\$ 3,500,612</u>	<u>\$14,985,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$22,930,287</u>

KOKOMO HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Low Rent Public Housing Program	14.850	\$ 2,071,494
Public Housing CARES Act Funding	14.850	36,944
Total Low Rent Public Housing Program		2,108,438
Housing Voucher Cluster:		
Housing Choice Vouchers	14.871	4,318,006
HCV CARES Act Funding	14.871	65,994
Mainstream Vouchers	14.879	97,440
Total Housing Voucher Cluster		4,481,440
Public Housing Capital Fund Program	14.872	2,943,900
Resident Opportunity and Supportive Services Program	14.870	119,575
Total U.S. Department of Housing and Urban Development		\$ 9,653,353

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies

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

KOKOMO HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes x No

Are any significant deficiencies identified? Yes x None Reported

Is any noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes x No

Are any significant deficiencies identified? Yes x None Reported

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

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

Identification of major federal programs or clusters:

CFDA #14.872 - Public Housing Capital Fund Program

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

Auditee qualified as low-risk auditee? x Yes No

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings

None.

To the Board of Commissioners
Kokomo Housing Authority

Independent Accountant's Report

We have performed the procedures enumerated below, which was agreed to by the Kokomo Housing Authority ("the Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package for the year ended December 31, 2021. The Authority's management is responsible for accuracy and completeness of the electronic submission for the year ended December 31, 2021.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

We compared the electronic submission of the items listed in the chart below under "UFRS Rule Information" column with the corresponding printed documents listed in the chart under 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 by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and, if applicable, the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, and/or any other standards or requirements to be followed. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below for the year ended December 31, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue and Expense	Financial Data Schedule, all CFDA's, If applicable	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	Auditor's supplemental report on FDS	X	
4	Audit findings narrative	Schedule of Findings and Questioned Costs	X	
5	General Information	OMB Data Collection Form	X	
6	Financial Statement report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal program report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Type of Compliance Requirement	OMB Data Collection Form	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Henderson & Pilleteri, LLC

Birmingham, AL
September 16, 2022

KOKOMO HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – BALANCE SHEET
DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$866,083		\$47,651	\$729,912		\$95,537			\$8,312	\$379,826	\$2,127,321		\$2,127,321
112 Cash - Restricted - Modernization and Development													
113 Cash - Other Restricted	\$39,524		\$15,475,901	\$0		\$193,323			\$249	\$0	\$15,708,997		\$15,708,997
114 Cash - Tenant Security Deposits	\$21,211		\$34,037	\$0					\$2,750	\$5,350	\$63,348		\$63,348
115 Cash - Restricted for Payment of Current Liabilities	\$6,699			\$0		\$0				\$0	\$6,699		\$6,699
100 Total Cash	\$933,517	\$0	\$15,557,589	\$729,912	\$0	\$288,860	\$0	\$0	\$11,311	\$385,176	\$17,906,365	\$0	\$17,906,365
121 Accounts Receivable - PHA Projects													
122 Accounts Receivable - HUD Other Projects	\$27,767						\$6,265			\$30,603	\$64,635		\$64,635
124 Accounts Receivable - Other Government													
125 Accounts Receivable - Miscellaneous			\$195,126			\$63,719				\$10,173	\$269,018		\$269,018
126 Accounts Receivable - Tenants	\$6,447		\$64,545	\$1,877		\$908			\$10	\$323	\$74,110		\$74,110
126.1 Allowance for Doubtful Accounts - Tenants	(\$4,484)		\$0	(\$1,632)		\$0			\$0	\$0	(\$6,116)		(\$6,116)
126.2 Allowance for Doubtful Accounts - Other	(\$18,375)		\$0			(\$902)	\$0		(\$964)	\$0	(\$20,241)		(\$20,241)
127 Notes, Loans, & Mortgages Receivable - Current	\$7,399			\$0					\$622		\$8,021		\$8,021
128 Fraud Recovery	\$10,436			\$5,781		\$133,206				\$1,506	\$150,929		\$150,929
128.1 Allowance for Doubtful Accounts - Fraud	(\$7,058)			(\$4,232)		(\$132,304)				\$0	(\$143,594)		(\$143,594)
129 Accrued Interest Receivable													
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$22,132	\$0	\$259,671	\$1,794	\$0	\$64,627	\$6,265	\$0	(\$332)	\$42,605	\$396,762	\$0	\$396,762
131 Investments - Unrestricted													
132 Investments - Restricted													
135 Investments - Restricted for Payment of Current Liability													
142 Prepaid Expenses and Other Assets				\$0					\$2,390	\$1,800	\$4,190		\$4,190
143 Inventories										\$47,004	\$47,004		\$47,004
143.1 Allowance for Obsolete Inventories										(\$710)	(\$710)		(\$710)
144 Inter Program Due From										\$34,032	\$34,032	(\$34,032)	\$0
145 Assets Held for Sale													
150 Total Current Assets	\$955,649	\$0	\$15,817,260	\$731,706	\$0	\$353,487	\$6,265	\$0	\$13,369	\$509,907	\$18,387,643	(\$34,032)	\$18,353,611
161 Land	\$31,542		\$441,500	\$616,518						\$470,635	\$1,560,195		\$1,560,195
162 Buildings	\$10,289,434		\$12,258,500	\$0					\$745,529	\$3,020,313	\$26,313,776		\$26,313,776
163 Furniture, Equipment & Machinery - Dwellings	\$391,291			\$72,510					\$5,827	\$28,090	\$497,718		\$497,718
164 Furniture, Equipment & Machinery - Administration	\$177,300			\$220,951		\$5,159				\$99,582	\$502,992		\$502,992
165 Leasehold Improvements													
166 Accumulated Depreciation	(\$9,512,736)		(\$51,077)	(\$282,369)		(\$5,159)			(\$154,933)	(\$2,447,394)	(\$12,453,668)		(\$12,453,668)
167 Construction in Progress	\$83,313		\$6,932,505	\$39,983							\$7,055,801		\$7,055,801
168 Infrastructure													
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,460,144	\$0	\$19,581,428	\$667,593	\$0	\$0	\$0	\$0	\$596,423	\$1,171,226	\$23,476,814	\$0	\$23,476,814
171 Notes, Loans and Mortgages Receivable - Non-Current	\$15,750			\$12,700,000							\$12,715,750		\$12,715,750
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due													
173 Grants Receivable - Non Current													
174 Other Assets			\$97,074	\$900,844							\$997,918		\$997,918
176 Investments in Joint Ventures													
180 Total Non-Current Assets	\$1,475,894	\$0	\$19,678,502	\$14,268,437	\$0	\$0	\$0	\$0	\$596,423	\$1,171,226	\$37,190,482	\$0	\$37,190,482

KOKOMO HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – BALANCE SHEET
DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources													
290 Total Assets and Deferred Outflow of Resources	\$2,431,543	\$0	\$35,495,762	\$15,000,143	\$0	\$353,487	\$6,265	\$0	\$609,792	\$1,681,133	\$55,578,125	(\$34,032)	\$55,544,093
311 Bank Overdraft													
312 Accounts Payable <= 90 Days	\$26,251		\$116,512	\$14,719		\$5,463			\$178	\$3,341	\$166,464		\$166,464
313 Accounts Payable >90 Days Past Due													
321 Accrued Wage/Payroll Taxes Payable										\$15,942	\$15,942		\$15,942
322 Accrued Compensated Absences - Current Portion													
324 Accrued Contingency Liability													
325 Accrued Interest Payable			\$225								\$225		\$225
331 Accounts Payable - HUD PHA Programs													
332 Account Payable - PHA Projects	\$0										\$0		\$0
333 Accounts Payable - Other Government													
341 Tenant Security Deposits	\$21,211		\$21,107	\$0					\$2,750	\$5,350	\$50,418		\$50,418
342 Unearned Revenue	\$3,576		\$20,764	\$65						\$2,032	\$26,437		\$26,437
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$0					\$9,829		\$9,829		\$9,829
344 Current Portion of Long-term Debt - Operating Borrowings													
345 Other Current Liabilities	\$6,699		\$3,034,848								\$3,041,547		\$3,041,547
346 Accrued Liabilities - Other													
347 Inter Program - Due To	\$27,767		\$0				\$6,265				\$34,032	(\$34,032)	\$0
348 Loan Liability - Current													
310 Total Current Liabilities	\$85,504	\$0	\$3,193,456	\$14,784	\$0	\$5,463	\$6,265	\$0	\$12,757	\$26,665	\$3,344,894	(\$34,032)	\$3,310,862
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0		\$28,401,872	\$0					\$382,263		\$28,784,135		\$28,784,135
352 Long-term Debt, Net of Current - Operating Borrowings													
353 Non-current Liabilities - Other	\$4,474		\$399,822			\$65,830					\$470,126		\$470,126
354 Accrued Compensated Absences - Non Current	\$16,715					\$14,439				\$17,529	\$48,683		\$48,683
355 Loan Liability - Non Current													
356 FASB 5 Liabilities													
357 Accrued Pension and OPEB Liabilities													
350 Total Non-Current Liabilities	\$21,189	\$0	\$28,801,694	\$0	\$0	\$80,269	\$0	\$0	\$382,263	\$17,529	\$29,302,944	\$0	\$29,302,944
300 Total Liabilities	\$106,693	\$0	\$31,995,150	\$14,784	\$0	\$85,732	\$6,265	\$0	\$395,020	\$44,194	\$32,647,838	(\$34,032)	\$32,613,806
400 Deferred Inflow of Resources													
508.4 Net Investment in Capital Assets	\$1,460,144		(\$8,820,444)	\$667,593					\$204,331	\$1,171,226	(\$5,317,150)		(\$5,317,150)
511.4 Restricted Net Position	\$35,050		\$15,475,901	\$0		\$127,493			\$249		\$15,638,693		\$15,638,693
512.4 Unrestricted Net Position	\$829,656	\$0	(\$3,154,845)	\$14,317,766	\$0	\$140,262	\$0	\$0	\$10,192	\$465,713	\$12,608,744		\$12,608,744
513 Total Equity - Net Assets / Position	\$2,324,850	\$0	\$3,500,612	\$14,985,359	\$0	\$267,755	\$0	\$0	\$214,772	\$1,636,939	\$22,930,287	\$0	\$22,930,287
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,431,543	\$0	\$35,495,762	\$15,000,143	\$0	\$353,487	\$6,265	\$0	\$609,792	\$1,681,133	\$55,578,125	(\$34,032)	\$55,544,093

KOKOMO HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$566,352		\$419,530	\$0					\$34,379	\$89,437	\$1,109,698		\$1,109,698
70400 Tenant Revenue - Other	\$71,670		\$240	\$0					\$70	\$2,175	\$74,155		\$74,155
70500 Total Tenant Revenue	\$638,022	\$0	\$419,770	\$0	\$0	\$0	\$0	\$0	\$34,449	\$91,612	\$1,183,853	\$0	\$1,183,853
70600 HUD PHA Operating Grants	\$4,985,514	\$36,944			\$97,440	\$4,318,006	\$119,575	\$65,994			\$9,623,473		\$9,623,473
70610 Capital Grants	\$29,880										\$29,880		\$29,880
70710 Management Fee										\$520,058	\$520,058	(\$520,058)	\$0
70720 Asset Management Fee										\$54,430	\$54,430	(\$54,430)	\$0
70730 Book Keeping Fee										\$98,556	\$98,556	(\$98,556)	\$0
70740 Front Line Service Fee													
70750 Other Fees													
70700 Total Fee Revenue										\$673,044	\$673,044	(\$673,044)	\$0
70800 Other Government Grants													
71100 Investment Income - Unrestricted	\$968			\$0		\$500			\$23	\$358	\$1,849		\$1,849
71200 Mortgage Interest Income													
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery						\$64,606					\$64,606		\$64,606
71500 Other Revenue	\$44,052			\$0		\$4,774			\$1,203,000	\$31,696	\$1,283,522		\$1,283,522
71600 Gain or Loss on Sale of Capital Assets	\$6,000			\$7,159,272							\$7,165,272		\$7,165,272
72000 Investment Income - Restricted	\$53										\$53		\$53
70000 Total Revenue	\$5,704,489	\$36,944	\$419,770	\$7,159,272	\$97,440	\$4,387,886	\$119,575	\$65,994	\$1,237,472	\$796,710	\$20,025,552	(\$673,044)	\$19,352,508
91100 Administrative Salaries	\$231,819		\$18,238		\$3,082	\$186,318				\$464,906	\$904,363		\$904,363
91200 Auditing Fees	\$7,954					\$3,413					\$11,367		\$11,367
91300 Management Fee	\$421,588		\$11,248		\$874	\$97,596					\$531,306	(\$520,058)	\$11,248
91310 Book-keeping Fee	\$35,797				\$1,762	\$60,997					\$98,556	(\$98,556)	\$0
91400 Advertising and Marketing	\$0		\$1,356								\$1,356		\$1,356
91500 Employee Benefit contributions - Administrative	\$61,900		\$1,753		\$1,319	\$79,735				\$141,635	\$286,342		\$286,342
91600 Office Expenses	\$39,836		\$25,987	\$0		\$18,400			\$18	\$24,247	\$108,488		\$108,488
91700 Legal Expense	\$7,293					\$3,750				\$3,725	\$14,768		\$14,768
91800 Travel	\$143									\$678	\$821		\$821
91810 Allocated Overhead													
91900 Other	\$14,064		\$39,543	\$2	\$613	\$16,743			\$110	\$11,479	\$82,554		\$82,554
91000 Total Operating - Administrative	\$820,394	\$0	\$98,125	\$2	\$7,650	\$466,952	\$0	\$0	\$128	\$646,670	\$2,039,921	(\$618,614)	\$1,421,307
92000 Asset Management Fee	\$54,430										\$54,430	(\$54,430)	\$0
92100 Tenant Services - Salaries	\$119,319					\$18,693	\$37,134				\$175,146		\$175,146
92200 Relocation Costs													
92300 Employee Benefit Contributions - Tenant Services	\$20,270					\$3,167	\$7,571				\$31,008		\$31,008
92400 Tenant Services - Other	\$16,718	\$36,944					\$22,578	\$65,994			\$142,234		\$142,234
92500 Total Tenant Services	\$156,307	\$36,944	\$0	\$0	\$0	\$21,860	\$67,283	\$65,994	\$0	\$0	\$348,388	\$0	\$348,388
93100 Water	\$72,325		\$5,122	\$0		\$179			\$267	\$8,625	\$86,518		\$86,518
93200 Electricity	\$216,720		\$93,389	\$0		\$199			\$752	\$19,886	\$330,946		\$330,946

KOKOMO HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	COCC	Subtotal	ELIM	Total
93300 Gas	\$119,924					\$355				\$15,520	\$135,799		\$135,799
93400 Fuel													
93500 Labor													
93600 Sewer	\$124,244		\$6,891	\$0		\$254			\$186	\$7,322	\$138,897		\$138,897
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense	\$177,602										\$177,602		\$177,602
93000 Total Utilities	\$710,815	\$0	\$105,402	\$0	\$0	\$987	\$0	\$0	\$1,205	\$51,353	\$869,762	\$0	\$869,762
94100 Ordinary Maintenance and Operations - Labor	\$427,734		\$14,664							\$288	\$442,686		\$442,686
94200 Ordinary Maintenance and Operations - Materials and Other	\$136,044		\$6,908	\$0		\$972			\$1,956	\$19,055	\$164,935		\$164,935
94300 Ordinary Maintenance and Operations Contracts	\$429,123		\$8,703			\$5,344				\$33,749	\$476,919		\$476,919
94500 Employee Benefit Contributions - Ordinary Maintenance	\$143,150		\$1,271							\$33	\$144,454		\$144,454
94000 Total Maintenance	\$1,136,051	\$0	\$31,546	\$0	\$0	\$6,316	\$0	\$0	\$1,956	\$53,125	\$1,228,994	\$0	\$1,228,994
95100 Protective Services - Labor													
95200 Protective Services - Other Contract Costs	\$9,503					\$250				\$928	\$10,681		\$10,681
95300 Protective Services - Other													
95500 Employee Benefit Contributions - Protective Services													
95000 Total Protective Services	\$9,503	\$0	\$0	\$0	\$0	\$250	\$0	\$0	\$0	\$928	\$10,681	\$0	\$10,681
96110 Property Insurance	\$163,923			\$0		\$2,158			\$1,543	\$22,920	\$190,544		\$190,544
96120 Liability Insurance	\$36,814			\$0		\$7,252			\$1,000	\$11,256	\$56,322		\$56,322
96130 Workmen's Compensation	\$17,077		\$493			\$3,169				\$7,276	\$28,015		\$28,015
96140 All Other Insurance	\$30,690					\$2,134				\$9,550	\$42,374		\$42,374
96100 Total insurance Premiums	\$248,504	\$0	\$493	\$0	\$0	\$14,713	\$0	\$0	\$2,543	\$51,002	\$317,255	\$0	\$317,255
96200 Other General Expenses	\$7,389									\$2,895	\$10,284		\$10,284
96210 Compensated Absences	\$0					\$11,919				\$0	\$11,919		\$11,919
96300 Payments in Lieu of Taxes													
96400 Bad debt - Tenant Rents	\$60,515			\$0					\$60	\$4,327	\$64,902		\$64,902
96500 Bad debt - Mortgages													
96600 Bad debt - Other													
96800 Severance Expense													
96000 Total Other General Expenses	\$67,904	\$0	\$0	\$0	\$0	\$11,919	\$0	\$0	\$60	\$7,222	\$87,105	\$0	\$87,105
96710 Interest of Mortgage (or Bonds) Payable				\$0					\$21,121		\$21,121		\$21,121
96720 Interest on Notes Payable (Short and Long Term)			\$1,288								\$1,288		\$1,288
96730 Amortization of Bond Issue Costs			\$1,500								\$1,500		\$1,500
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$2,788	\$0	\$0	\$0	\$0	\$0	\$21,121	\$0	\$23,909	\$0	\$23,909
96900 Total Operating Expenses	\$3,203,908	\$36,944	\$238,354	\$2	\$7,650	\$522,997	\$67,283	\$65,994	\$27,013	\$810,300	\$4,980,445	(\$673,044)	\$4,307,401
97000 Excess of Operating Revenue over Operating Expenses	\$2,500,581	\$0	\$181,416	\$7,159,270	\$89,790	\$3,864,889	\$52,292	\$0	\$1,210,459	(\$13,590)	\$15,045,107	\$0	\$15,045,107
97100 Extraordinary Maintenance													
97200 Casualty Losses - Non-capitalized	\$21,408									\$0	\$21,408		\$21,408
97300 Housing Assistance Payments	\$343,442				\$103,276	\$4,010,061					\$4,456,779		\$4,456,779
97350 HAP Portability-In													
97400 Depreciation Expense	\$940,458		\$51,077	\$0					\$18,638	\$70,407	\$1,080,580		\$1,080,580
97500 Fraud Losses													

KOKOMO HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	6.2 Component Unit - Blended	COCC	Subtotal	ELIM	Total
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense													
90000 Total Expenses	\$4,509,216	\$36,944	\$289,431	\$2	\$110,926	\$4,533,058	\$67,283	\$65,994	\$45,651	\$880,707	\$10,539,212	(\$673,044)	\$9,866,168
10010 Operating Transfer In	\$2,634,484										\$2,634,484	(\$2,634,484)	\$0
10020 Operating transfer Out	(\$2,634,484)										(\$2,634,484)	\$2,634,484	\$0
10030 Operating Transfers from/to Primary Government									(\$302,156)		(\$302,156)	\$302,156	\$0
10040 Operating Transfers from/to Component Unit				\$302,156							\$302,156	(\$302,156)	\$0
10050 Proceeds from Notes, Loans and Bonds													
10060 Proceeds from Property Sales													
10070 Extraordinary Items, Net Gain/Loss													
10080 Special Items (Net Gain/Loss)	(\$6,623,088)		\$3,370,273	\$6,623,088							\$3,370,273		\$3,370,273
10091 Inter Project Excess Cash Transfer In	\$116,153										\$116,153	(\$116,153)	\$0
10092 Inter Project Excess Cash Transfer Out	(\$116,153)										(\$116,153)	\$116,153	\$0
10093 Transfers between Program and Project - In	\$26,146					\$26,146					\$52,292	(\$52,292)	\$0
10094 Transfers between Project and Program - Out							(\$52,292)				(\$52,292)	\$52,292	\$0
10100 Total Other financing Sources (Uses)	(\$6,596,942)	\$0	\$3,370,273	\$6,925,244	\$0	\$26,146	(\$52,292)	\$0	(\$302,156)	\$0	\$3,370,273	\$0	\$3,370,273
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$5,401,669)	\$0	\$3,500,612	\$14,084,514	(\$13,486)	(\$119,026)	\$0	\$0	\$889,665	(\$83,997)	\$12,856,613	\$0	\$12,856,613
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,368	\$0	\$9,368		\$9,368
11030 Beginning Equity	\$8,577,313	\$0	\$0	\$225,952	\$13,486	\$386,781	\$0	\$0	\$0	\$870,142	\$10,073,674		\$10,073,674
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$850,794)			\$674,893					(\$674,893)	\$850,794	\$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						\$140,262					\$140,262		\$140,262
11180 Housing Assistance Payments Equity						\$127,493					\$127,493		\$127,493
11190 Unit Months Available	5,450		670	48	312	8,880			0	0	15,360		15,360
11210 Number of Unit Months Leased	4,773		316	37	235	8,133			0	0	13,494		13,494
11270 Excess Cash	\$586,924										\$586,924		\$586,924
11610 Land Purchases	\$0									\$0	\$0		\$0
11620 Building Purchases	\$29,880									\$0	\$29,880		\$29,880
11630 Furniture & Equipment - Dwelling Purchases	\$0									\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$4,197									\$0	\$4,197		\$4,197
11650 Leasehold Improvements Purchases	\$0									\$0	\$0		\$0
11660 Infrastructure Purchases	\$0									\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0									\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0									\$0	\$0		\$0