



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

October 25, 2022

Board of Directors
Washington Housing Authority
520 SE 2nd St
Washington, IN 47501

We have reviewed the audit report of Washington Housing Authority, which was opined upon by Audit Solutions, 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 Washington Housing Authority 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, Audit Solutions, LLC prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

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

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

FOR THE YEAR ENDED DECEMBER 31, 2021

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Washington (Authority), Indiana, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of 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.

Basis for Opinions

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

My 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 my 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 my 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.

I am 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 I 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 i-vii, the schedule of proportionate share of net pension liability (asset) and related ratios on page 24 and the schedule of pension plan contributions on page 25 be 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule, PHA's Statement of Certification of Actual Modernization Cost and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 my opinion, the accompanying Financial Data Schedule, PHA's Statement of Certification of Actual Modernization Cost 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*, I have also issued my report dated August 8, 2022, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

August 8, 2022

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2021

Introduction

This Management's Discussion and Analysis (MD&A) of the Washington Housing Authority (Authority) provides an introduction and overview to the financial statements of the Washington Housing Authority for the fiscal year ended December 31, 2021. The Washington Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2021, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Washington Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has five individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program, the Neighborhood Stabilization Program, a Business Activity, and the CARES Act Program.

- The Low Rent Program consists of 190 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program (CFP) is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Neighborhood Stabilization Program (NSP) consists of 6 dwelling units. This program was established to revitalize and rebuild local neighborhoods. Funding is provided based on dwelling rents paid by the tenants.
- The Business Activity manages a privately owned Rural Rental Assistance Project.
- The CARES Act Program is funding received to prevent, prepare for, and respond to the coronavirus.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2021

Overview of the Financial Statements – (Continued)

- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2021, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2021.

Financial Highlights

The Washington Housing Authority's net position increased from \$2,539,690 to \$2,767,067, an increase of \$227,377 or 9%. Total assets also increased by \$203,968 or 7%.

Total revenue increased from \$1,483,644 to \$1,588,288, an increase of \$104,644 or 7%.

Total expenses increased by \$135,969, from \$1,227,348 to \$1,363,317 for the current year. This represents an increase of 11%.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended December 31, 2021, and December 31, 2020.

**Summary Statement of Net Position
As of December 31, 2021 and 2020**

<u>Category</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 1,122,699	\$ 1,005,907	\$ 116,792	12%
Noncurrent Assets	\$ 1,857,561	\$ 1,770,385	\$ 87,176	5%
Total Assets	\$ 2,980,260	\$ 2,776,292	\$ 203,968	7%
Deferred Outflow of Resources	\$ 31,834	\$ 21,802	\$ 10,032	46%
Current Liabilities	\$ 101,192	\$ 76,618	\$ 24,574	32%
Noncurrent Liabilities	\$ 35,923	\$ 125,346	\$ (89,423)	-71%
Total Liabilities	\$ 137,115	\$ 201,964	\$ (64,849)	-32%
Deferred Inflow of Resources	\$ 107,912	\$ 56,440	\$ 51,472	91%
Unrestricted	\$ 909,506	\$ 769,305	\$ 140,201	18%
Net Investment in Capital Assets	\$ 1,857,561	\$ 1,770,385	\$ 87,176	5%
Total Net Position	\$ 2,767,067	\$ 2,539,690	\$ 227,377	9%

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2021

Housing Authority Activities & Highlights – (Continued)

Current Assets

The Authority's current asset balances increased by \$116,792. This was primarily due to unrestricted cash / investments increasing from \$950,852 in the prior year to \$1,045,284 in the current year. This increase was due to operating revenues exceeding operating expenditures. In addition, inventories, net of allowance for obsolete materials, increased by \$19,180.

Noncurrent Assets

The Authority's noncurrent asset balance increased primarily due to a capital improvement projects. Please note the capital asset portion presented in a later section.

Deferred Outflow of Resources

Deferred outflow of resources increased by \$10,032 due to account balance changes reported on the 2021 pension plan document provided by INPRS.

Current Liabilities

Current liabilities increased by \$24,574. This is primarily due to an increase in accrued liabilities – other in the amount of \$15,149 due to additional utility expenses due at the end of the current fiscal year. In addition, other current liabilities increased by \$9,400 and accrued wages payable increased in the amount of \$3,323.

Noncurrent Liabilities

The Authority's noncurrent liability balance decreased primarily due to the recording of pension plan activity in the Indiana Public Retirement System (INPRS) in which the Authority participates. The balance recorded as pension liability decreased from \$125,346 in the prior year to \$35,923 in the current year.

Deferred Inflow of Resources

Deferred inflow of resources increased by \$51,473 due to account balance changes reported on the 2021 pension plan document provided by INPRS.

Net Position

The net position of the Authority increased by \$227,377 compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$769,305 to \$909,506, an increase of \$140,201, or 18% for the current year. This was primarily due to operating revenues exceeding operating expenditures. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines. Individual program balances that comprise the unrestricted component of net position are as follows:

Low Rent Housing Program	\$ 816,558
NSP Program	37,525
Business Activities	<u>55,423</u>
Total Unrestricted Net Assets	\$ <u>909,506</u>

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2021

Housing Authority Activities & Highlights – (Continued)

Net Position – (Continued)

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

Category	FYE 2021	FYE 2020	Change \$	Change %
Tenant Revenue	\$ 663,201	\$ 617,992	\$ 45,209	7%
HUD Operating Grants	\$ 698,686	\$ 616,633	\$ 82,053	13%
Capital Grants	\$ 153,978	\$ 193,173	\$ (39,195)	-20%
Interest Income	\$ 1,257	\$ 4,557	\$ (3,300)	-72%
Other Revenue	\$ 71,166	\$ 51,289	\$ 19,877	39%
Total Revenue	\$ 1,588,288	\$ 1,483,644	\$ 104,644	7%
Administration	\$ 267,994	\$ 264,069	\$ 3,925	1%
Tenant Service	\$ 46,527	\$ 41,138	\$ 5,389	13%
Utilities	\$ 394,036	\$ 318,869	\$ 75,167	24%
Ordinary Maintenance	\$ 361,864	\$ 342,710	\$ 19,154	6%
General Expense	\$ 82,508	\$ 90,777	\$ (8,269)	-9%
Extraordinary Maint/Casualty Losses	\$ 23,766	\$ 6,900	\$ 16,866	244%
Depreciation	\$ 186,622	\$ 162,885	\$ 23,737	15%
Total Expenses	\$ 1,363,317	\$ 1,227,348	\$ 135,969	11%
Increase (Decrease) in Net Position	\$ 224,971	\$ 256,296	\$ (31,325)	-12%
Net Position, Beginning of Year	\$ 2,539,690	\$ 2,283,394	\$ 256,296	11%
Prior Year Adjustments	\$ 2,406	\$ -	\$ 2,406	NA
Net Position, End of Year	\$ 2,767,067	\$ 2,539,690	\$ 227,377	9%

Results of Operations

Revenues of the Authority are generated principally from Federal and State funding grant income. The Authority's revenue increased by \$104,644 compared to the previous fiscal year.

- Tenant revenue increased by \$45,209. This was primarily due to the average rent per unit increasing from \$242 per unit in the prior year to \$255 per unit in the current year.
- HUD operating grants increased by \$82,053. This is primarily due to an increase in Low Rent operating subsidy in the amount of \$88,437. In addition, CFP operating grants increased by \$20,816. In contrast, CARES funding decreased by \$27,200.
- Capital grants decreased by \$39,195. This was due to a reduction in capital improvement projects associated with the CFP program.
- Other income increased by \$19,877 primarily due to adjustments made in pension balances.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2021

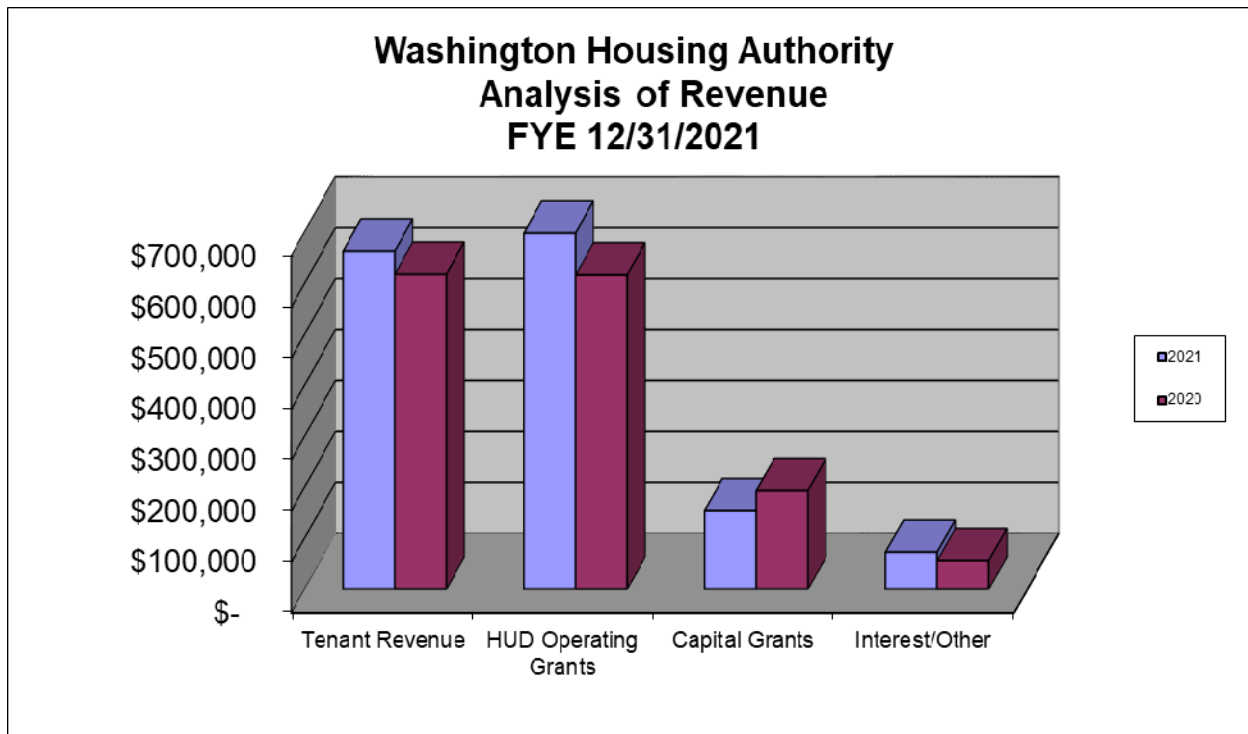
Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)

Total expenses increased by \$135,969. Significant variances include the following:

- Administration increased by \$3,925 due primarily to an increase in admin wages and benefits.
- Tenant services increased by \$5,389 due to additional services provided to the tenants.
- Utilities increased by \$75,167. This is primarily due to an increase in electric costs in the amount \$29,030. In addition, water and sewer costs increased by \$26,516 and gas costs increased by \$19,621.
- Ordinary maintenance increased by \$19,154 due primarily to an increase in elevator expenses in the amount of \$16,435. In addition, snow removal expenses increased by \$3,235.
- Other general expenses decreased by \$8,269 primarily due to a reduction in the amount of bad debt related to tenant accounts receivable.
- Extraordinary maintenance/casualty losses consists of tree removal expenses and elevator motor repair.

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:

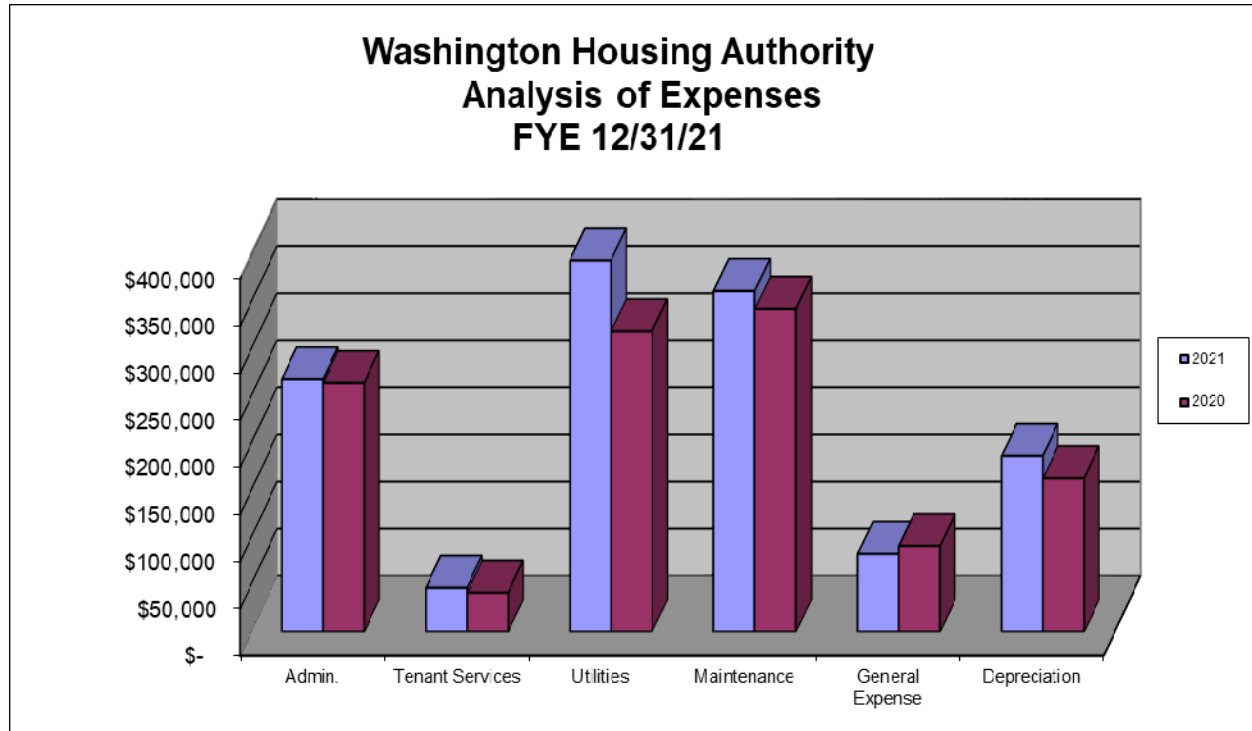


HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2021

Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)



Capital Assets

As of December 31, 2021, the Washington Housing Authority’s net investment in capital assets was \$1,857,561. This investment includes land, building improvements, and equipment, net of accumulated depreciation.

<u>Category</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 99,607	\$ 99,607	\$ -	0%
Buildings	\$ 7,687,509	\$ 7,290,397	\$ 397,112	5%
Equipment	\$ 219,139	\$ 218,547	\$ 592	0%
Accumulated Depreciation	\$ (6,148,694)	\$ (5,965,855)	\$ (182,839)	3%
Construction in Progress	\$ -	\$ 127,689	\$ (127,689)	-100%
Total Net Fixed Assets	\$ 1,857,561	\$ 1,770,385	\$ 87,176	5%

Buildings increased due to a boiler, painting, elevator, and flooring projects funded by the 2018 CFP Program and the Low Rent Program.

Equipment increased due to the purchase of laptop funded by the Low Rent Program.

Long term Debt

Due to the Authority’s participation in the Indiana Public Retirement System, certain liabilities are required to be recorded. The amount of long term debt associated with the pension plan as of December 31, 2021, is \$35,923.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2021

Subsequent Event

The 2022 operating subsidy provided by HUD for the Low Rent Housing Program is estimated to be prorated at 100% for the calendar year 2022.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Washington Housing Authority
Rita Duchame, Executive Director
520 S.E. 2nd Street
Washington, IN 47501

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	995,121
Cash - restricted		27,177
Investments		50,163
Receivables - net of allowances		12,188
Inventory - net of allowances		20,257
Prepaid expenses		<u>17,793</u>

Total Current Assets 1,122,699

Non-current Assets:

Capital assets:

Land and construction in progress		99,607
Other capital assets, net of depreciation		<u>1,757,954</u>

Total capital assets - net 1,857,561

Total Non-current Assets 1,857,561

DEFERRED OUTFLOWS OF RESOURCES

Accrued pension		<u>31,834</u>
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Total Deferred Outflow of Resources 31,834

Total Assets and Deferred Outflow of Resources \$ 3,012,094

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF NET POSITION - (Continued)
December 31, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$	58,274
Accrued salaries and benefits		9,105
Tenant security deposit liability		27,177
Unearned revenues		<u>6,636</u>

Total Current Liabilities 101,192

Non-current Liabilities:

Non-current liabilities - Other		<u>35,923</u>
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Total Non-current Liabilities 35,923

Total Liabilities 137,115

DEFERRED INFLOWS OF RESOURCES

Accrued pension		<u>107,912</u>
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Total Deferred Inflow of Resources 107,912

NET POSITION

Net investment in capital assets		1,857,561
Unrestricted		<u>909,506</u>

Total Net Position 2,767,067

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 3,012,094

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2021

OPERATING REVENUES	
Tenant revenue	\$ 663,201
Governmental grants and subsidy	698,686
Miscellaneous	<u>71,166</u>
Total operating revenue	<u>1,433,053</u>
OPERATING EXPENSES	
Administrative	267,994
Tenant services	46,527
Utilities	394,036
Ordinary maintenance and operations	361,864
Insurance	52,093
General	30,415
Non routine maintenance	23,766
Depreciation expense	<u>186,622</u>
Total operating expenses	<u>1,363,317</u>
Operating income (loss)	<u>69,736</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>1,257</u>
Net non-operating revenues (expenses)	<u>1,257</u>
Income (loss) before contributions and transfers	<u>70,993</u>
Capital contributions	<u>153,978</u>
Change in net position	224,971
Total net position - beginning of year	2,539,690
Prior period adjustments	<u>2,406</u>
Total net position - end of year	<u>\$ 2,767,067</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 653,875
Received from governmental grants and subsidy	698,898
Received from other operating activities	71,824
Payments for goods and services	(757,069)
Payments to employees	(433,759)
Payment in lieu of taxes	<u>(20,444)</u>
Net cash provided by (used in) operating activities	<u>213,325</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	153,978
Purchases of capital assets	<u>(271,392)</u>
Net cash provided by (used in) capital and related financing activities	<u>(117,414)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	1,380
Receipts of interest and dividends	<u>1,276</u>
Net cash provided by (used in) investing activities	<u>2,656</u>
Net increase (decrease) in cash and cash equivalents	98,567
Cash and cash equivalents at beginning of year	<u>923,731</u>
Cash and cash equivalents at end of year	<u>\$ 1,022,298</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2021

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

Operating income (loss)	\$	69,736
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		186,622
Change in assets and liabilities:		
Receivables, net		250
Inventories, net		(19,180)
Prepaid expenses		(10,726)
Accounts and other payables		(79,419)
Tenant security deposit		2,755
Unearned revenues		44,815
Accrued expenses		<u>18,472</u>
Net cash provided by (used) by operating activities	\$	<u><u>213,325</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

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

1B. Basis of Presentation

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

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

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

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

1B. Basis of Presentation – (Continued)

The Authority operates the following programs in the enterprise fund:

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

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

Community Development Block Grants/State's Program – The program was established to revitalize and rebuild local neighborhoods. Funding is provided based on dwelling rents paid by tenants. The program consists of 7 dwelling units.

Business Activities – The program manages a privately-owned Rural Rental Assistance Project.

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

1C. Measurement Focus and Basis of Accounting

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

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

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

1D. Budgets

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

1E. Estimates and assumptions

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

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

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity

Cash and Investments

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

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

Receivables

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

Inventories

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

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

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

Building	15-40 years
Furniture, equipment and machinery - administrative	3-5 years

Restricted Assets

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

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

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

Compensated Absences

The Authority's policies regarding vacation time does not permit employees to carry forward unused vacation leave. As such, no liability is recorded at year end.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for pension contributions made after the actuarial measurement date and for actuarial adjustments due to the proportionate share of the contributions made to the pension liability which will be amortized over the expected average remaining service lifetime.

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The Authority has deferred inflows of resources relating to the net pension obligation reported in the Statement of Net Position. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized over a five-year period on a straight-line basis.

Equity Classifications

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

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

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Inter-fund Transfers

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2A. Program Accounting Requirements

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

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Community Development Block Grants	U.S. Department of Housing and Urban Development
Business Activities	Housing Authority
Public Housing CARES Act	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

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

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

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

2C. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
Public Housing CARES Act	COVID related expenses

For the year ended December 31, 2021, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

3A. Cash Deposits and Investments

As of December 31, 2021, the Authority had the following cash deposits and investments:

Cash deposits	\$ 1,021,898
Petty cash / change fund	400
Investments	<u>50,163</u>
Total	<u>\$ 1,072,461</u>

Following is a reconciliation of the Authority's deposit balances as of December 31, 2021:

Cash and cash equivalents	\$ 995,121
Restricted assets	27,177
Investments	<u>50,163</u>
Total	<u>\$ 1,072,461</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2021, the Authority's bank balances of \$1,061,522 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2021, the Authority's investment balance of \$50,163 was entirely covered by FDIC or PDIF insurance.

Interest Rate Risk

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

Credit Risk

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

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

3A. Cash Deposits and Investments – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2021, the concentration of the Authority's investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ <u>50,163</u>	2/15/2022

3B. Restricted Assets

Restricted assets at December 31, 2021 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Security deposit	\$ <u>27,177</u>	<u>----</u>	\$ <u>----</u>	\$ <u>27,177</u>

3C. Accounts Receivable

Receivables at December 31, 2021 consist of the following:

Tenant account receivable	\$ 17,063
Allowance for doubtful account	<u>(8,116)</u>
Tenants - net of allowance	8,947
HUD	2,677
Other government	37
Accrued interest	<u>527</u>
Total Accounts Receivable	\$ <u>12,188</u>

3D. Inventory

Inventory at December 31, 2021 comprised of the following:

Inventory	\$ 22,508
Less: Allowance for obsolete inventory	<u>(2,251)</u>
Inventory - net of allowance	\$ <u>20,257</u>

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

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

3E. Capital Assets

A summary of capital asset activity for the year ended December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	(Retirement)	Reclass/ Transfers in (out)	Balance December 31, 2021
Non-depreciable assets:					
Land	\$ 99,607	\$ -	\$ -	\$ -	\$ 99,607
Construction in progress	127,689	-	-	(127,689)	-
Total non-depreciable assets	<u>227,296</u>	<u>-</u>	<u>-</u>	<u>(127,689)</u>	<u>99,607</u>
Depreciable assets:					
Building	7,290,397	269,423	-	127,689	7,687,509
Equipment - administration	218,547	1,969	(5,143)	3,766	219,139
Total depreciable assets	7,508,944	271,392	(5,143)	131,455	7,906,648
Accumulated depreciation	<u>(5,965,855)</u>	<u>(186,622)</u>	<u>5,143</u>	<u>(1,360)</u>	<u>(6,148,694)</u>
Total depreciable assets, net	<u>1,543,089</u>	<u>84,770</u>	<u>-</u>	<u>130,095</u>	<u>1,757,954</u>
Capital assets, net	<u>\$ 1,770,385</u>	<u>\$ 84,770</u>	<u>\$ -</u>	<u>\$ 2,406</u>	<u>\$ 1,857,561</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Public and Indian Housing	\$ 154,187
CFP	11,759
CDBG	<u>20,676</u>
Total depreciation expense	<u>\$ 186,622</u>

3F. Accounts Payable

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

Vendors & contractors	\$ 4,879
Accrued liabilities	20,590
Other current liabilities	9,400
PILOT	<u>23,405</u>
Total Accounts Payable	<u>\$ 58,274</u>

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

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

3G. Non-Current Liabilities

Non-current liabilities at December 31, 2021 consists of the following:

Net pension liability \$ 35,923

Changes in non-current liabilities

The following is the summary of changes in long-term liabilities:

<u>Description</u>	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2021</u>	<u>Amounts Due within One Year</u>
Net Pension Liability	\$ <u>125,346</u>	\$ <u>---</u>	\$ <u>89,423</u>	\$ <u>35,923</u>	\$ <u>-0-</u>

3H. Inter-program Transactions and Balances

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

Operating Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
Public and Indian Housing	\$ 153,007	\$ -
Public Housing Capital Fund	<u>-</u>	<u>(153,007)</u>
Total	<u>\$ 153,007</u>	<u>\$ (153,007)</u>

3I. Prior Period Adjustments

Public and Indian Housing:

Equipment – administration – To record additional computers purchased in prior years	\$ 3,766
Accumulated depreciation – To record depreciation for the the aforementioned computers	<u>(1,360)</u>
Total prior period adjustment	<u>\$ 2,406</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES

4A. Pension Plan

Description of Defined Benefit Funds

Public Employees' Defined Benefit Account (PERF DB)

PERF DB is a cost-sharing, multiple-employer DB fund providing retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, 5-10.3, 5-10.5, 35 IAC 1.2 and other Indiana pension law. PERF DB is a component of the Public Employees' Hybrid plan (PERF Hybrid).

Public Employees' Defined Benefit Account (PERF DB) – (Continued)

PERF Hybrid consists of two components: PERF DB, the monthly employer-funded defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account. First time new employees hired by the State or a participating political subdivision who offers a choice, have a one-time election to join either the PERF Hybrid plan or PERF MC DC. Refer to the Description of Defined Contribution Funds for discussion of both the PERF DC and PERF MC DC plans. A new hire that is an existing member of PERF Hybrid and was not given the option for the PERF MC DC plan is given the option to elect PERF MC DC or remain in PERF Hybrid.

Members who have service in both PERF DB and either TRF Pre-'96 DB or TRF '96 DB, have the option of choosing from which of these funds they would like to retire.

INPRS financial reports are available online at <https://www.in.gov/inprs>.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- Age 65 with at least 10 years of creditable service (eight years for certain elected officials).
- Age 60 with at least 15 years of creditable service.
- Age 55 if age and creditable service total at least 85 (“Rule of 85”).
- Age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position.
- Age 70 with 20 years of creditable service and still active in the PERF-covered position.

Early Retirement Benefit

Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59).

Disability Benefit

An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month).

Survivor Benefit

If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Eligibility for Pension Benefit Payment – (Continued)

Survivor Benefit – (Continued)

If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment:

Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contribution

Contributions are determined by the Board based on an actuarial valuation. Employers contribute 11.2 percent of covered payroll, with 0.44 percent funding a supplemental reserve account for postretirement benefit increases. Contributions from employers with PERF MC DC plan members who offered PERF Hybrid prior to July 1, 2016 fund PERF DB's unfunded liability at 8.0 percent of covered payroll for the State and 7.2 percent for political subdivisions as of June 30, 2021. No member contributions are required.

Benefit Formula & Postretirement Benefit Adjustment

Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the Board. For the year ended June 30, 2021, postretirement benefits of \$31.2 million were issued to members as a 13th check.

INPRS Basis of Accounting

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

Use of Estimates

In preparing the financial statements to conform to generally accepted accounting principles, INPRS makes estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates and assumptions.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Employer Allocations

The allocation percentages for the Housing Authority’s share of the collective pension amounts as of June 30, 2021 and 2020 was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal years ended June 30, 2021 and 2020, respectively.

At June 30, 2021 (measurement date), the Housing Authority’s proportion was 0.0000301 and related wages were reported as \$165,974.

Net Pension Liability

At December 31, 2021 and 2020 (Authority’s year-end), the Housing Authority reported a liability of \$35,923 and \$125,346 respectively, for its proportionate share of the net pension liability.

Defined Benefit Assets

The following Defined Benefits global asset classes, target allocations and target ranges were approved by the Board based on a formal asset-liability study and shall remain in place until revised by the Board. An asset-liability study is conducted every five years. Further information regarding the Investment Policy Statement can be found in the Investment Section.

To maximize the probability of achieving the target rate of return over a 30-year time horizon, INPRS’s Board of Trustees approved a new asset allocation on May 7, 2021 that included the increased use of leverage. The explicit leverage enables the Plan to obtain additional investment exposure, which results in an asset allocation that exceeds 100 percent of invested assets.

Global Asset Classes	Target Allocation	Target Range
Public equity	22.0%	19.5 to 24.5%
Private Markets	14.0	10.0 to 18.0
Fixed Income – Ex Inflation-Linked	20.0	17.0 to 23.0
Fixed Income – Inflation-Linked	7.0	4.0 to 10.0
Commodities	8.0	6.0 to 10.0
Real Estate	7.0	3.5 to 10.5
Absolute Return	10.0	6.0 to 14.0
Risk Parity	12.0	7.0 to 17.0
Total	100.00%	

Discount rate

The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. The discount rate remained the same from the 6.75% used on the prior measurement date. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of 11.2% (the current contribution rate) or a rate equal to the actuarially determined contribution rate, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations and projected covered member payroll. The June 30, 2021 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 20-year level dollar closed

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Discount rate – (Continued)

method for amortizing the future layers of unfunded actuarial accrued liability (30 years for amortization layers established prior to June 30, 2016), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.

In the past several years, the Board has followed its current funding policy and the State has complied in its contributions to the plan. Therefore, if past practice is continued, the appropriations will be sufficient to fully fund the plan within 20 to 30 years. Deterministic projections indicate the actuarially determined contribution rate will decline over the coming years. As a result, it is presumed that the projected plan assets will be sufficient to cover the future benefit payments for current members and a detailed projection of plan assets and cash flows has not been prepared.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$93,953	\$35,923	(\$12,483)

Pension Expense

For the year ended June 30, 2021, the Authority recognized pension expense of (\$27,095) which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$1,229	\$717
Net difference between projected and actual investment earnings on pension plan investments	0	46,642
Change of assumptions	18,069	8,069
Changes in proportion and differences between Employer contributions and proportionate share of contributions	170	52,484
Employer contributions subsequent to June 30, 2021	12,366	--
Total	\$31,834	\$107,912

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – (Continued)

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

Year ended:	
2022	(\$21,031)
2023	(26,474)
2024	(15,240)
2025	(13,333)
2026	--
Thereafter	--

The Authority's balance of deferred outflows of resources of \$31,834 will be included as a reduction of the collective net pension liability in future years.

4B. Commitments - Construction

At December 31, 2021, the Authority had the following pending Capital Fund project in progress:

	<u>Funds</u> <u>Approved</u>		<u>Funds Expended -</u> <u>Project to Date</u>
CARES - PH	\$ 66,294	\$	66,294
CFP 501-19	\$ 90,000	\$	55,707

4C. Risk Management

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

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with US Specialty Insurance Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Accident Fund Insurance Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES – (Continued)

4D. Financial Data Schedule

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

4E. Contingencies

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

4F. Subsequent Events

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

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

The Authority was a plaintiff in a three-count complaint filed against the Department of Housing and Urban Development (HUD) alleging that HUD breached their contracts by failing to make certain payments in accordance with the contracts' terms. The plaintiffs in these consolidated cases were certain public housing authorities who held contracts with HUD.

The Authority was awarded \$243,725 in June 2022 in connection with this case. No receivable was recorded at year-end as the amount was not determinable.

Management evaluated the activity of the Authority through August 8, 2022 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the ones noted above.

4G. Economic Dependency

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

**Schedule of the Pension Plan's Proportionate Share
of the Net Pension Liability (Asset) and Related Ratios ***

Reporting Date for Employer under GASB 68 as of June 30,	Proportion of Net Pension Liability	Proportionate share of Net Pension Liability	Covered Employee Payroll **	Proportionate share of the Net Pension Liability as a percentage of covered employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.006070%	\$159,516	\$296,549	53.79%	84.29%
2015	0.005480%	\$223,195	\$262,417	85.05%	77.35%
2016	0.005390%	\$244,622	\$258,159	94.76%	75.35%
2017	0.005330%	\$237,800	\$264,461	89.92%	76.65%
2018	0.005350%	\$181,742	\$273,236	66.51%	78.89%
2019	0.004870%	\$160,957	\$253,541	63.48%	80.06%
2020	0.004150%	\$125,346	\$223,982	55.96%	81.45%
2021	0.002730%	\$35,923	\$150,724	23.83%	92.51%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

** Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

REQUIRED SUPPLEMENTARY INFORMATION – (Continued)
December 31, 2021

Schedule of the Pension Plan's Contributions*

Reporting Date for Employer under GASB 68 as of June 30,	Actuarially determined contribution [A]	Contributions in relation to actuarially determined contribution [B]	Contribution deficiency (excess) [C] = [A] - [B]	Covered employee payroll	Contribution as a percentage covered employees payroll
2014	\$3,239	\$3,239	-	\$296,549	1.09%
2015	\$29,391	\$29,391	-	\$262,417	11.20%
2016	\$28,914	\$28,914	-	\$258,159	11.20%
2017	\$29,620	\$29,620	-	\$264,461	11.20%
2018	\$30,602	\$30,602	-	\$273,236	11.20%
2019	\$28,397	\$28,397	-	\$253,541	11.20%
2020	\$25,086	\$25,086	-	\$223,982	11.20%
2021	\$16,881	\$16,881	-	\$150,724	11.20%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
December 31, 2021

1. Actual Capital Fund Program costs are as follows:

	<u>501-18</u>
Funds approved	\$ 334,669
Funds expended	<u>334,669</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 334,669
Funds expended	<u>334,669</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated June 28, 2022 submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2021.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 519,163
Public and Indian Housing - Cares Act	14.850	19,547
Public Housing Capital Fund	14.872	<u>313,954</u>
Total Expenditures of Federal Awards		\$ <u>852,664</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Washington, Indiana (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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2021

	Project Total	14. PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$890,991		\$59,569	\$44,561	\$995,121	\$0	\$995,121
114 Cash - Tenant Security Deposits	\$23,477			\$3,700	\$27,177	\$0	\$27,177
100 Total Cash	\$914,468	\$0	\$59,569	\$48,261	\$1,022,298	\$0	\$1,022,298
122 Accounts Receivable - HUD Other Projects	\$2,677				\$2,677	\$0	\$2,677
124 Accounts Receivable - Other Government	\$37				\$37	\$0	\$37
126 Accounts Receivable - Tenants	\$15,152			\$1,911	\$17,063	\$0	\$17,063
126.1 Allowance for Doubtful Accounts -Tenants	-\$7,217			-\$899	-\$8,116	\$0	-\$8,116
129 Accrued Interest Receivable	\$527				\$527	\$0	\$527
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$11,176	\$0	\$0	\$1,012	\$12,188	\$0	\$12,188
131 Investments - Unrestricted	\$50,163				\$50,163	\$0	\$50,163
142 Prepaid Expenses and Other Assets	\$16,172		\$238	\$1,383	\$17,793	\$0	\$17,793
143 Inventories	\$22,508				\$22,508	\$0	\$22,508
143.1 Allowance for Obsolete Inventories	-\$2,251				-\$2,251	\$0	-\$2,251
150 Total Current Assets	\$1,012,236	\$0	\$59,807	\$50,656	\$1,122,699	\$0	\$1,122,699
161 Land	\$97,107			\$2,500	\$99,607	\$0	\$99,607
162 Buildings	\$6,866,426			\$821,083	\$7,687,509	\$0	\$7,687,509
164 Furniture, Equipment & Machinery - Administration	\$215,639			\$3,500	\$219,139	\$0	\$219,139
166 Accumulated Depreciation	-\$5,965,908			-\$182,786	-\$6,148,694	\$0	-\$6,148,694
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,213,264	\$0	\$0	\$644,297	\$1,857,561	\$0	\$1,857,561
180 Total Non-Current Assets	\$1,213,264	\$0	\$0	\$644,297	\$1,857,561	\$0	\$1,857,561
200 Deferred Outflow of Resources	\$30,081		\$1,186	\$567	\$31,834	\$0	\$31,834
290 Total Assets and Deferred Outflow of Resources	\$2,255,581	\$0	\$60,993	\$695,520	\$3,012,094	\$0	\$3,012,094

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	14. PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$4,733		\$52	\$94	\$4,879	\$0	\$4,879
321 Accrued Wage/Payroll Taxes Payable	\$8,696		\$159	\$250	\$9,105	\$0	\$9,105
333 Accounts Payable - Other Government	\$16,481			\$6,924	\$23,405	\$0	\$23,405
341 Tenant Security Deposits	\$23,477			\$3,700	\$27,177	\$0	\$27,177
342 Deferred Revenue	\$6,636				\$6,636	\$0	\$6,636
345 Other Current Liabilities	\$9,400				\$9,400	\$0	\$9,400
346 Accrued Liabilities - Other	\$20,422			\$168	\$20,590	\$0	\$20,590
310 Total Current Liabilities	\$89,845	\$0	\$211	\$11,136	\$101,192	\$0	\$101,192
357 Accrued Pension and OPEB Liabilities	\$33,945		\$1,338	\$640	\$35,923	\$0	\$35,923
350 Total Non-Current Liabilities	\$33,945	\$0	\$1,338	\$640	\$35,923	\$0	\$35,923
300 Total Liabilities	\$123,790	\$0	\$1,549	\$11,776	\$137,115	\$0	\$137,115
400 Deferred Inflow of Resources	\$101,969		\$4,021	\$1,922	\$107,912		\$107,912
508.4 Net Investment in Capital Assets	\$1,213,264	\$0	\$0	\$644,297	\$1,857,561		\$1,857,561
512.4 Unrestricted Net Position	\$816,558	\$0	\$55,423	\$37,525	\$909,506		\$909,506
513 Total Equity - Net Assets / Position	\$2,029,822	\$0	\$55,423	\$681,822	\$2,767,067	\$0	\$2,767,067
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,255,581	\$0	\$60,993	\$695,520	\$3,012,094	\$0	\$3,012,094

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$557,966			\$35,460	\$593,426	\$0	\$593,426
70400 Tenant Revenue - Other	\$69,534			\$241	\$69,775	\$0	\$69,775
70500 Total Tenant Revenue	\$627,500	\$0	\$0	\$35,701	\$663,201	\$0	\$663,201
70600 HUD PHA Operating Grants	\$679,139	\$19,547			\$698,686	\$0	\$698,686
70610 Capital Grants	\$153,978				\$153,978	\$0	\$153,978
71100 Investment Income - Unrestricted	\$1,257				\$1,257	\$0	\$1,257
71500 Other Revenue	\$37,509		\$20,377	\$13,280	\$71,166	\$0	\$71,166
70000 Total Revenue	\$1,499,383	\$19,547	\$20,377	\$48,981	\$1,588,288	\$0	\$1,588,288
91100 Administrative Salaries	\$150,593	\$6,947	\$7,070	\$3,359	\$167,969	\$0	\$167,969
91200 Auditing Fees	\$7,063		\$2	\$4	\$7,069	\$0	\$7,069
91400 Advertising and Marketing	\$2,562				\$2,562	\$0	\$2,562
91500 Employee Benefit contributions - Administrative	\$47,362		\$2,742	\$1,356	\$51,460	\$0	\$51,460
91600 Office Expenses	\$18,774		\$389	\$726	\$19,889	\$0	\$19,889
91900 Other	\$17,711		\$658	\$677	\$19,046	\$0	\$19,046
91000 Total Operating - Administrative	\$244,065	\$6,947	\$10,861	\$6,122	\$267,995	\$0	\$267,995
92100 Tenant Services - Salaries	\$0	\$1,362			\$1,362	\$0	\$1,362
92400 Tenant Services - Other	\$39,127	\$2,844	\$3,194		\$45,165	\$0	\$45,165
92500 Total Tenant Services	\$39,127	\$4,206	\$3,194	\$0	\$46,527	\$0	\$46,527
93100 Water	\$58,493				\$58,493	\$0	\$58,493
93200 Electricity	\$158,133			\$55	\$158,188	\$0	\$158,188
93300 Gas	\$73,530			\$810	\$74,340	\$0	\$74,340
93600 Sewer	\$102,995			\$20	\$103,015	\$0	\$103,015
93000 Total Utilities	\$393,151	\$0	\$0	\$885	\$394,036	\$0	\$394,036

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$122,541	\$5,100	\$844	\$8,446	\$136,931	\$0	\$136,931
94200 Ordinary Maintenance and Operations - Materials and Other	\$48,762	\$1,325		\$841	\$50,928	\$0	\$50,928
94300 Ordinary Maintenance and Operations Contracts	\$145,937			\$1,250	\$147,187	\$0	\$147,187
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,289		\$65	\$3,464	\$26,818	\$0	\$26,818
94000 Total Maintenance	\$340,529	\$6,425	\$909	\$14,001	\$361,864	\$0	\$361,864
96110 Property Insurance	\$22,608			\$2,886	\$25,494	\$0	\$25,494
96120 Liability Insurance	\$16,294		\$388	\$730	\$17,412	\$0	\$17,412
96130 Workmen's Compensation	\$4,072		\$37	\$90	\$4,199	\$0	\$4,199
96140 All Other Insurance	\$4,596		\$79	\$312	\$4,987	\$0	\$4,987
96100 Total insurance Premiums	\$47,570	\$0	\$504	\$4,018	\$52,092	\$0	\$52,092
96200 Other General Expenses	\$1,113				\$1,113	\$0	\$1,113
96210 Compensated Absences	\$4,408		\$37	\$114	\$4,559	\$0	\$4,559
96300 Payments in Lieu of Taxes	\$16,481			\$3,458	\$19,939	\$0	\$19,939
96400 Bad debt - Tenant Rents	\$4,804				\$4,804	\$0	\$4,804
96000 Total Other General Expenses	\$26,806	\$0	\$37	\$3,572	\$30,415	\$0	\$30,415
96900 Total Operating Expenses	\$1,091,248	\$17,578	\$15,505	\$28,598	\$1,152,929	\$0	\$1,152,929
97000 Excess of Operating Revenue over Operating Expenses	\$408,135	\$1,969	\$4,872	\$20,383	\$435,359	\$0	\$435,359
97100 Extraordinary Maintenance	\$23,766				\$23,766	\$0	\$23,766
97400 Depreciation Expense	\$165,946			\$20,676	\$186,622	\$0	\$186,622
90000 Total Expenses	\$1,280,960	\$17,578	\$15,505	\$49,274	\$1,363,317	\$0	\$1,363,317
10010 Operating Transfer In	\$153,007				\$153,007	-\$153,007	\$0
10020 Operating transfer Out	-\$153,007				-\$153,007	\$153,007	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$218,423	\$1,969	\$4,872	-\$293	\$224,971	\$0	\$224,971

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
11030 Beginning Equity	\$1,807,024	\$0	\$50,551	\$682,115	\$2,539,690	\$0	\$2,539,690
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$4,375	-\$1,969			\$2,406	\$0	\$2,406
11190 Unit Months Available	2280			84	2364	0	2364
11210 Number of Unit Months Leased	2247			84	2331	0	2331
11270 Excess Cash	\$795,606				\$795,606		\$795,606
11620 Building Purchases	\$269,423				\$269,423		\$269,423
11640 Furniture & Equipment - Administrative Purchases	\$1,969				\$1,969		\$1,969



Audit Solutions, LLC.

Certified Public Accountant

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Housing Authority of the City of Washington (Authority), Indiana, 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 my report thereon dated August 8, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no 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 my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri

August 8, 2022



Audit Solutions, LLC.

Certified Public Accountant

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Housing Authority of the City of Washington (Authority), Indiana 's 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 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 my opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the 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 the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 the Authority's compliance based on my 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 generally accepted auditing standards, *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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- 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 the Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

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

Audit Solutions, LLC

Chesterfield, Missouri

August 8, 2022



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2021 and have issued my report thereon dated August 8, 2022. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated August 8, 2022, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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

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

Audit Solutions, LLC

Chesterfield, Missouri
August 8, 2022

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

AGREED UPON PROCEDURES
December 31, 2021

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

HOUSING AUTHORITY OF THE CITY OF WASHINGTON
Washington, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
<u>Identification of Major programs:</u>	
➤ ALN #14.850 Public and Indian Housing	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

The current audit report for the year ended December 31, 2021 disclosed no Financial Statement audit findings.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended December 31, 2021 disclosed no Federal Awards audit finding and questioned costs.