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October 25, 2022

Board of Commissioners
Housing Authority of the City of Mt. Vernon
1500 Jefferson Drive
Mount Vernon, IN 47620

We have reviewed the audit report of the Housing Authority of the City of Mt. Vernon, 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 the Housing Authority of the City of Mt. Vernon 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 MT. VERNON
MT. VERNON, INDIANA**

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

FOR THE YEAR ENDED DECEMBER 31, 2021

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Mt. Vernon
Mt. Vernon, 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 Mt. Vernon (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-vi 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 supplemental information, as described in the table of contents and 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 financial statements 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 July 12, 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

July 12, 2022

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

This section of the Housing Authority of the City of Mt. Vernon, Indiana's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2021. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of December 31, 2021 was \$1,266,943. The net position decreased by \$11,530, a decrease of 0.9% from the prior year.
- Revenues for the Authority were \$1,559,974 for the year ended December 31, 2021. This was an increase of \$119,021 or 8.3% over the prior year.
- Expenses for the Authority were \$1,571,504 for the year ended December 31, 2021. This was an increase of \$12,755 or 0.8% over the prior year.
- Tenant revenue for the Authority was \$351,576 for the year ended December 31, 2021, an increase of \$2,758 or 0.8% over the prior year. Governmental grants and subsidy awarded to the Authority were \$1,095,628 for the year ended December 31, 2021, an increase of \$4,506 or 0.4% over the prior year. Capital contributions received by the Authority were \$94,879 for the year ended December 31, 2021, an increase of 100.0% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements – (Continued)

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2021 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of an agency's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,266,943 at the close of the year ended December 31, 2021, down from \$1,278,473 in fiscal year 2020. The decrease in net position of \$11,530 was due the reasons noted below.

- Current assets include cash, investments, receivables, prepaid expenses, and materials inventory. Of the \$94,976 decrease in this category, cash and investments decreased \$90,693, receivables decreased \$7,397, prepaid expenses increased \$357, and materials inventory increased \$2,757.
- Capital assets increased \$64,259 because current year capital asset additions exceeded current year depreciation expense. Change in capital assets is explained in section titled "Capital Asset" of this analysis.
- Current liabilities decreased \$19,187 from FY 2020 mainly due to a \$8,552 decrease in unearned revenue and a \$7,462 decrease in accrued payroll and payroll taxes payable.

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

FINANCIAL ANALYSIS (CONTINUED)

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 254,333	\$ 349,309	\$ (94,976)	-27.2%
Capital assets	<u>1,070,843</u>	<u>1,006,584</u>	<u>64,259</u>	6.4%
TOTAL ASSETS	<u>\$ 1,325,176</u>	<u>\$ 1,355,893</u>	<u>\$ (30,717)</u>	-2.3%
LIABILITIES				
Current liabilities	\$ <u>58,233</u>	\$ <u>77,420</u>	\$ <u>(19,187)</u>	-24.8%
TOTAL LIABILITIES	<u>58,233</u>	<u>77,420</u>	<u>(19,187)</u>	-24.8%
NET POSITION				
Net investment in capital assets	1,070,843	1,006,584	64,259	6.4%
Restricted	-	21,412	(21,412)	-100.0%
Unrestricted	<u>196,100</u>	<u>250,477</u>	<u>(54,377)</u>	-21.7%
TOTAL NET POSITION	<u>\$ 1,266,943</u>	<u>\$ 1,278,473</u>	<u>\$ (11,530)</u>	-0.9%

The unrestricted net position was \$196,100 as of December 31, 2021. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for four months. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

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

As can be seen in the table on the following page, total revenues increased \$119,021 due to the reasons noted below.

- Tenant revenue increased \$2,758 or 0.8% from FY 2020.
- Governmental grants and subsidy increased \$4,506 or 0.4% from FY 2020.
- Investment income decreased \$163 or 33.3% from FY 2020.
- Capital contributions increased \$94,879 from FY 2020. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Capital grant revenue during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Miscellaneous revenue decreased \$1943 or 37.1% from FY 2020.
- The Authority had a gain on disposal of fixed assets of \$17,235 in FY 2020.

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

FINANCIAL ANALYSIS (CONTINUED)

Total expenses increased by \$12,755 due to the reasons noted below.

- Administrative expenses decreased \$1,796 or 0.8% from FY 2020.
- Tenant services increased \$716 from FY 2020.
- Utilities increased \$165 or 0.1% from FY 2020.
- Ordinary maintenance decreased \$16,847 or 8.5% from FY 2020 primarily due to a \$10,017 decrease in services contracted for repair and maintenance and a decrease in maintenance labor and benefits of \$6,133 or 6.7%.
- Insurance increased \$4,757 or 18.5% from FY 2020 mainly due to an increase in property and liability insurance of \$3,119 or 14.1%. The Authority also had a \$1,400 increase in workers compensation insurance.
- Other general expenses increased \$2,064 or 7.8% from FY 2020 primarily due to a \$1,106 increase in expense for bad debts and a \$784 increase in expense for compensated absences.

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

FINANCIAL ANALYSIS (CONTINUED)

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

	FY 2021	FY 2020	Dollar Change	Percent Change
REVENUES				
Operating - non-operating - capital contributions:				
Tenant revenue	\$ 351,576	\$ 348,818	\$ 2,758	0.8%
Governmental grants & subsidy	1,095,628	1,091,122	4,506	0.4%
Investment income	327	490	(163)	-33.3%
Capital contributions	94,879	-	94,879	100.0%
Miscellaneous revenue	329	523	(194)	-37.1%
Gain (loss) on sale of capital assets	17,235	-	17,235	100.0%
TOTAL REVENUES	1,559,974	1,440,953	119,021	8.3%
EXPENSES				
Administrative	210,515	212,311	(1,796)	-0.8%
Tenant services	793	77	716	929.9%
Utilities	116,614	116,449	165	0.1%
Ordinary maintenance	182,486	199,333	(16,847)	-8.5%
Insurance	30,406	25,649	4,757	18.5%
Other general expenses	28,462	26,398	2,064	7.8%
Nonroutine maintenance	6,918	-	6,918	100.0%
Housing assistance payments	867,945	855,252	12,693	1.5%
Depreciation	127,365	123,280	4,085	3.3%
TOTAL EXPENSES	1,571,504	1,558,749	12,755	0.8%
CHANGE IN NET POSITION	(11,530)	(117,796)	106,266	
NET POSITION				
Beginning net position	1,278,473	1,396,269	(117,796)	
Prior period adjustments	-	-	-	
NET POSITION - BEG OF YEAR	1,278,473	1,396,269	(117,796)	
NET POSITION - END OF YEAR	\$ 1,266,943	\$ 1,278,473	\$ (11,530)	

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

FINANCIAL ANALYSIS (CONTINUED)

- The Authority had nonroutine maintenance of \$6,918 in FY 2021 for mold testing and remediation.
- Housing assistance payments increased \$12,693 or 1.5% from FY 2020 primarily due a 3.5% in Section 8 Voucher Program lease-up rate. This was partially offset by a decrease in average housing assistance payment per unit of \$8.35 or 2.0%.
- The Authority had a \$4,085 or 3.3% increase in Depreciation, which is the write-off of capital assets over their estimated useful life.

The Public Housing occupancy rate for fiscal year ended December 31, 2021 was 99.2%, same as FY 2020.

The Authority is authorized to assist 203 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for FY 2021 was 84.9%, up from 82.0% in FY 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Housing Authority of the City of Mt. Vernon, Indiana’s net investment in capital assets as of December 31, 2021 amounts to \$1,070,843. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation.

The total increase in the Authority’s investment in capital assets for the current fiscal year was 6.4% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and contributions were \$174,389 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$127,365. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Gain or (loss) / (Disposals)	Ending
Capital assets	\$1,006,584	\$174,389	\$(127,365)	\$17,235	\$1,070,843

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2022 Public Housing budget. The user charges are based on a tenant’s income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority’s rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy’s inflation rate.

The Authority receives annual budget authority from HUD based on prior year leasing and HAP utilization. In addition to annual budget authority, the Authority has \$162,862 in HUD-Held Reserves available for housing assistance payments. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2022 and adjusted for pro-ration which is currently at 85.80%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Terri Stallings, Executive Director, Housing Authority of the City of Mt. Vernon, 1500 Jefferson Street, Mt. Vernon, Indiana 47620.

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	204,486
Cash - restricted		8,740
Receivables - net of allowances		23,389
Inventory - net of allowances		15,213
Prepaid expenses		<u>2,505</u>

Total Current Assets 254,333

Non-current Assets:

Capital assets:

Land and construction in progress		322,428
Other capital assets, net of depreciation		<u>748,415</u>

Total capital assets - net 1,070,843

Total Non-current Assets 1,070,843

Total Assets \$ 1,325,176

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

LIABILITIES

Current Liabilities:

Accounts payable	\$	37,341
Accrued salaries and benefits		6,693
Tenant security deposit liability		8,740
Accrued compensated absences		556
Unearned revenues		<u>4,903</u>

Total Current Liabilities 58,233

Total Liabilities 58,233

NET POSITION

Net investment in capital assets		1,070,843
Unrestricted		<u>196,100</u>

Total Net Position 1,266,943

Total Liabilities and Net Position \$ 1,325,176

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

OPERATING REVENUES	
Tenant revenue	\$ 351,576
Governmental grants and subsidy	1,095,628
Miscellaneous	<u>329</u>
Total operating revenue	<u>1,447,533</u>
OPERATING EXPENSES	
Administrative	210,515
Tenant services	793
Utilities	116,614
Ordinary maintenance and operations	182,486
Insurance	30,406
General	28,462
Non routine maintenance	6,918
Housing assistance payment	867,945
Depreciation expense	<u>127,365</u>
Total operating expenses	<u>1,571,504</u>
Operating income (loss)	<u>(123,971)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	327
Gain (loss) on disposal of capital assets	<u>17,235</u>
Net non-operating revenues (expenses)	<u>17,562</u>
Income (loss) before contributions and transfers	<u>(106,409)</u>
Capital contributions	<u>94,879</u>
Change in net position	(11,530)
Total net position - beginning of year	<u>1,278,473</u>
Total net position - end of year	<u>\$ <u>1,266,943</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$ 348,361
Received from governmental grants and subsidy	1,095,882
Received from other operating activities	10,193
Payments for goods and services	(298,531)
Payments to employees	(288,199)
Payment in lieu of taxes	(11,271)
Payment for housing assistance	<u>(867,945)</u>

Net cash provided by (used in) operating activities (11,510)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions	94,879
Purchases of capital assets	<u>(174,389)</u>

Net cash provided by (used in) capital and related financing activities (79,510)

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts of interest and dividends	<u>327</u>
------------------------------------	------------

Net cash provided by (used in) investing activities 327

Net increase (decrease) in cash and cash equivalents	(90,693)
Cash and cash equivalents at beginning of year	<u>303,919</u>

Cash and cash equivalents at end of year \$ 213,226

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, 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)	\$	(123,971)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		127,365
Change in assets and liabilities:		
Receivables, net		7,397
Inventories, net		(2,757)
Prepaid expenses		(357)
Accounts and other payables		(200)
Tenant security deposit		(700)
Unearned revenues		(8,552)
Compensated absences		(805)
Accrued expenses		<u>(8,930)</u>
Net cash provided by (used) by operating activities	\$	<u><u>(11,510)</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Mt. Vernon (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 Public and Indian Housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

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

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

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

1B. Basis of Presentation

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

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

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

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, 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.

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

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

1C. Measurement Focus and Basis of Accounting

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

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

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

1D. Budgets

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

1E. Estimates and assumptions

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

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

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

1F. Assets, Liabilities and Equity

Cash and Investments

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

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

Inter-fund Receivables and Payables

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

Receivables

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

Inventories

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

Fixed Assets

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

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

Building	10-40 years
Leasehold Improvements	15 years
Furniture, equipment and machinery - dwelling	10 years
Furniture, equipment and machinery - administrative	5-10 years

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

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

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

Restricted Assets

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

Compensated Absences

The Authority's policies regarding vacation does not time permit employees to carry forward unused vacation leave except for one week. The liability for these compensated absences is recorded as short-term liabilities based on the Authority's policy.

Equity Classifications

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

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

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Inter-fund Transfers

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

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, 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
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Public Housing CARES Act	U.S. Department of Housing and Urban Development
HCV CARES Act	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

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

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

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

2C. Revenue Restrictions

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

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

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

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, 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

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

Cash deposits	\$	213,126
Petty cash		<u>100</u>
Total	\$	<u><u>213,226</u></u>

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

Cash and cash equivalents	\$	204,486
Restricted assets		<u>8,740</u>
Total	\$	<u><u>213,226</u></u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2021, the Authority’s bank balances of \$278,323 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.

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>8,740</u>	\$ <u>----</u>	\$ <u>----</u>	\$ <u>8,740</u>

3C. Accounts Receivable

Receivables at December 31, 2021 consist of the following:

Tenants	\$	2,766
Less: Allowance for doubtful accounts		<u>(500)</u>
Tenants - net of allowance		2,266
HUD		<u>21,123</u>
Total accounts receivable	\$	<u><u>23,389</u></u>

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

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

3D. Inventory

Inventory at December 31, 2021 comprised of the following:

Inventory	\$	16,903
Less: Allowance for obsolete inventory		<u>(1,690)</u>
Inventory - net of allowance	\$	<u><u>15,213</u></u>

3E. Capital Assets

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

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Reclass/ Transfers in (out)</u>	<u>Balance December 31, 2021</u>
Non-depreciable assets:					
Land	\$ 322,428	\$ -	\$ -	\$ -	\$ 322,428
Total non-depreciable assets	<u>322,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,428</u>
Depreciable assets:					
Building	4,371,222	107,691	(88,193)	-	4,390,720
Equipment - dwelling	3,220	-	-	-	3,220
Equipment - administration	134,166	41,289	(35,671)	-	139,784
Leasehold improvements	68,833	25,409	-	-	94,242
Total depreciable assets	<u>4,577,441</u>	<u>174,389</u>	<u>(123,864)</u>	<u>-</u>	<u>4,627,966</u>
Accumulated depreciation	<u>(3,893,285)</u>	<u>(127,365)</u>	<u>141,099</u>	<u>-</u>	<u>(3,879,551)</u>
Total depreciable assets, net	<u>684,156</u>	<u>47,024</u>	<u>17,235</u>	<u>-</u>	<u>748,415</u>
Capital assets, net	<u>\$ 1,006,584</u>	<u>\$ 47,024</u>	<u>\$ 17,235</u>	<u>\$ -</u>	<u>\$ 1,070,843</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Public and Indian Housing	\$ 124,173
Public Housing Capital Fund	113
Housing Choice Vouchers	<u>3,079</u>
Total depreciation expense	<u>\$ 127,365</u>

3F. Accounts Payable

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

Vendors & contractors	\$	2,953
Other current liabilities		11,024
Accrued utilities		11,919
PILOT		<u>11,445</u>
Total	\$	<u><u>37,341</u></u>

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a Simplified Employee Pension (SEP). A SEP is a written arrangement (a plan) that allows an employer to make deductible contributions for the benefit of participating employees. The contributions are made to individual retirement arrangements (IRAs) set up for participants in the Plan administered by Mutual of America.

The Housing Authority Board can decide from year to year if a SEP contribution and the amount that will be made to the SEP Plan. The Authority will match contributions made by employees up to 3% for employees meeting the eligibility requirements.

The employer contributions for the years ended December 31, 2021, 2020 and 2019 were \$4,522, \$4,527 and \$4,711 respectively.

4B. Contingencies

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

4C. Commitments - Construction

At December 31, 2021, the Authority had the following pending projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
PH-CARES	\$ 13,721	\$ 13,721
HCV-CARES	\$ 41,249	\$ 41,249
CFP 501-20	\$ 116,181	\$ 94,877

4D. Risk Management

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

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

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

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

NOTE 4 – OTHER NOTES - (Continued)

4E. Financial Data Schedule

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

4F. Subsequent Events

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

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.

Management evaluated the activity of the Authority through July 12, 2022 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

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 MT. VERNON
Mt. Vernon, Indiana

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

1. Actual Capital Fund Program costs are as follows:

	<u>501-19</u>
Funds approved	\$ 108,576
Funds expended	<u>108,576</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 108,576
Funds expended	<u>108,576</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated February 10, 2021, 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 MT. VERNON
Mt. Vernon, Indiana

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

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 132,444
Public and Indian Housing - Cares Act	14.850	4,868
Public Housing Capital Fund	14.872	94,879
Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	952,186
Section 8 Housing Choice Vouchers - Cares Act	14.871	<u>6,130</u>
Total Expenditures of Federal Awards		\$ <u><u>1,190,507</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Mt. Vernon, 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 MT. VERNON
Mt. Vernon, Indiana

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$181,003		\$23,483		\$204,486		\$204,486
114 Cash - Tenant Security Deposits	\$8,740				\$8,740		\$8,740
100 Total Cash	\$189,743	\$0	\$23,483	\$0	\$213,226	\$0	\$213,226
122 Accounts Receivable - HUD Other Projects	\$11,024		\$10,099		\$21,123		\$21,123
126 Accounts Receivable - Tenants	\$2,766				\$2,766		\$2,766
126.1 Allowance for Doubtful Accounts -Tenants	-\$500				-\$500		-\$500
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$13,290	\$0	\$10,099	\$0	\$23,389	\$0	\$23,389
142 Prepaid Expenses and Other Assets	\$2,313		\$192		\$2,505		\$2,505
143 Inventories	\$16,903				\$16,903		\$16,903
143.1 Allowance for Obsolete Inventories	-\$1,690				-\$1,690		-\$1,690
150 Total Current Assets	\$220,559	\$0	\$33,774	\$0	\$254,333	\$0	\$254,333
161 Land	\$322,428				\$322,428		\$322,428
162 Buildings	\$4,379,679		\$11,041		\$4,390,720		\$4,390,720
163 Furniture, Equipment & Machinery - Dwellings	\$3,220				\$3,220		\$3,220
164 Furniture, Equipment & Machinery - Administration	\$121,611		\$18,173		\$139,784		\$139,784
165 Leasehold Improvements	\$94,242				\$94,242		\$94,242
166 Accumulated Depreciation	-\$3,873,977		-\$5,574		-\$3,879,551		-\$3,879,551
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,047,203	\$0	\$23,640	\$0	\$1,070,843	\$0	\$1,070,843
180 Total Non-Current Assets	\$1,047,203	\$0	\$23,640	\$0	\$1,070,843	\$0	\$1,070,843
290 Total Assets and Deferred Outflow of Resources	\$1,267,762	\$0	\$57,414	\$0	\$1,325,176	\$0	\$1,325,176

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$1,816		\$1,137		\$2,953		\$2,953
321 Accrued Wage/Payroll Taxes Payable	\$5,640		\$1,053		\$6,693		\$6,693
322 Accrued Compensated Absences - Current Portion	\$556				\$556		\$556
333 Accounts Payable - Other Government	\$11,445				\$11,445		\$11,445
341 Tenant Security Deposits	\$8,740				\$8,740		\$8,740
342 Unearned Revenue	\$4,903				\$4,903		\$4,903
345 Other Current Liabilities	\$11,024				\$11,024		\$11,024
346 Accrued Liabilities - Other	\$11,919				\$11,919		\$11,919
310 Total Current Liabilities	\$56,043	\$0	\$2,190	\$0	\$58,233	\$0	\$58,233
300 Total Liabilities	\$56,043	\$0	\$2,190	\$0	\$58,233	\$0	\$58,233
508.4 Net Investment in Capital Assets	\$1,047,203		\$23,640		\$1,070,843		\$1,070,843
512.4 Unrestricted Net Position	\$164,516	\$0	\$31,584	\$0	\$196,100		\$196,100
513 Total Equity - Net Assets / Position	\$1,211,719	\$0	\$55,224	\$0	\$1,266,943	\$0	\$1,266,943
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,267,762	\$0	\$57,414	\$0	\$1,325,176	\$0	\$1,325,176

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$345,077				\$345,077		\$345,077
70400 Tenant Revenue - Other	\$6,499				\$6,499		\$6,499
70500 Total Tenant Revenue	\$351,576	\$0	\$0	\$0	\$351,576	\$0	\$351,576
70600 HUD PHA Operating Grants	\$132,444	\$4,868	\$952,186	\$6,130	\$1,095,628		\$1,095,628
70610 Capital Grants	\$94,879				\$94,879		\$94,879
71100 Investment Income - Unrestricted	\$38		\$289		\$327		\$327
71500 Other Revenue	\$9,929				\$9,929	-\$9,600	\$329
71600 Gain or Loss on Sale of Capital Assets	\$17,235				\$17,235		\$17,235
70000 Total Revenue	\$606,101	\$4,868	\$952,475	\$6,130	\$1,569,574	-\$9,600	\$1,559,974
91100 Administrative Salaries	\$90,886		\$50,699	\$1,344	\$142,929		\$142,929
91200 Auditing Fees	\$3,325		\$3,250		\$6,575		\$6,575
91400 Advertising and Marketing	\$148		\$148		\$296		\$296
91500 Employee Benefit contributions - Administrative	\$22,867		\$12,490	\$103	\$35,460		\$35,460
91600 Office Expenses	\$6,904		\$15,255		\$22,159	-\$9,600	\$12,559
91700 Legal Expense	\$375				\$375		\$375
91900 Other	\$5,564		\$6,671	\$86	\$12,321		\$12,321
91000 Total Operating - Administrative	\$130,069	\$0	\$88,513	\$1,533	\$220,115	-\$9,600	\$210,515
92400 Tenant Services - Other	\$793				\$793		\$793
92500 Total Tenant Services	\$793	\$0	\$0	\$0	\$793	\$0	\$793
93100 Water	\$9,673				\$9,673		\$9,673
93200 Electricity	\$96,907				\$96,907		\$96,907
93600 Sewer	\$10,034				\$10,034		\$10,034
93000 Total Utilities	\$116,614	\$0	\$0	\$0	\$116,614	\$0	\$116,614

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$68,410				\$68,410		\$68,410
94200 Ordinary Maintenance and Operations - Materials and Other	\$31,777	\$298	\$740		\$32,815		\$32,815
94300 Ordinary Maintenance and Operations Contracts	\$63,778		\$261		\$64,039		\$64,039
94500 Employee Benefit Contributions - Ordinary Maintenance	\$17,222				\$17,222		\$17,222
94000 Total Maintenance	\$181,187	\$298	\$1,001	\$0	\$182,486	\$0	\$182,486
96110 Property Insurance	\$23,727				\$23,727		\$23,727
96120 Liability Insurance	\$739		\$710		\$1,449		\$1,449
96130 Workmen's Compensation	\$2,293		\$1,147		\$3,440		\$3,440
96140 All Other Insurance	\$1,105		\$685		\$1,790		\$1,790
96100 Total insurance Premiums	\$27,864	\$0	\$2,542	\$0	\$30,406	\$0	\$30,406
96210 Compensated Absences	\$12,999		\$2,912		\$15,911		\$15,911
96300 Payments in Lieu of Taxes	\$11,445				\$11,445		\$11,445
96400 Bad debt - Tenant Rents	\$842				\$842		\$842
96600 Bad debt - Other			\$264		\$264		\$264
96000 Total Other General Expenses	\$25,286	\$0	\$3,176	\$0	\$28,462	\$0	\$28,462
96900 Total Operating Expenses	\$481,813	\$298	\$95,232	\$1,533	\$578,876	-\$9,600	\$569,276
97000 Excess of Operating Revenue over Operating Expenses	\$124,288	\$4,570	\$857,243	\$4,597	\$990,698	\$0	\$990,698
97100 Extraordinary Maintenance	\$6,918				\$6,918		\$6,918
97300 Housing Assistance Payments			\$867,945		\$867,945		\$867,945
97400 Depreciation Expense	\$124,286		\$3,079		\$127,365		\$127,365
90000 Total Expenses	\$613,017	\$298	\$966,256	\$1,533	\$1,581,104	-\$9,600	\$1,571,504
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$6,916	\$4,570	-\$13,781	\$4,597	-\$11,530	\$0	-\$11,530

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, Indiana

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

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11030 Beginning Equity	\$1,214,065	\$0	\$64,408	\$0	\$1,278,473		\$1,278,473
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$4,570	-\$4,570	\$4,597	-\$4,597	\$0		\$0
11170 Administrative Fee Equity			\$55,224		\$55,224		\$55,224
11190 Unit Months Available	996		2436		3432		3432
11210 Number of Unit Months Leased	988		2068		3056		3056
11270 Excess Cash	\$106,839				\$106,839		\$106,839
11620 Building Purchases	\$107,691				\$107,691		\$107,691
11640 Furniture & Equipment - Administrative Purchases	\$32,172				\$32,172		\$32,172
11650 Leasehold Improvements Purchases	\$25,409				\$25,409		\$25,409



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 Mt. Vernon
Mt. Vernon, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Mt. Vernon (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 July 12, 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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Audit Solutions, LLC

Chesterfield, Missouri

July 12, 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 UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the City of Mt. Vernon
Mt. Vernon, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Housing Authority of the City of Mt. Vernon (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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri

July 12, 2022



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Mt. Vernon
Mt. Vernon, 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 Mt. Vernon (Authority), Indiana 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 July 12, 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 July 12, 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
July 12, 2022

HOUSING AUTHORITY OF THE CITY OF MT. VERNON
Mt. Vernon, 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 MT. VERNON
Mt. Vernon, 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>	
➤ CFDA #14.871 Section 8 Housing Choice Vouchers	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

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

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.