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STATE BOARD OF ACCOUNTS
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January 17, 2023

Board of Commissioners
Linton Housing Authority
1148 N. 1300 West
Linton, IN 47441

We have reviewed the audit report of Linton Housing Authority, which was opined on by Barry E. Gaudette, CPA, PC, Independent Public Accountant, 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 Linton 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, Barry E. Gaudette, CPA, PC, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

**LINTON HOUSING AUTHORITY
GREENE COUNTY, INDIANA
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021
AND
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

LINTON HOUSING AUTHORITY
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DECEMBER 31, 2021

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INTRODUCTION

**Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685**

Independent Auditor's Report

Board of Commissioners
Linton Housing Authority
Greene County, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Linton Housing Authority, Indiana, as of December 31, 2021 and 2020, and the related statement and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Linton Housing Authority, Indiana as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Linton Housing Authority, Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Linton Housing Authority, Indiana's ability to continue as a going concern for the year ending December 31, 2021.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Linton Housing Authority, Indiana's ability to continue as a going concern for a reasonable period of time.

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

Report on Other Legal and Regulatory Requirements

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Linton Housing Authority, Indiana's basic financial statements. The financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedule on pages 33-36 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has not presented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, on our consideration of the Linton Housing Authority, Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Linton Housing Authority, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Linton Housing Authority, Indiana's internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PCF

April 25, 2022

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Unaudited)

As management of the Linton Housing Authority, we offer reviewers of this audit report this narrative discussion and analysis of the Linton Housing Authority's financial activities for the fiscal year ended December 31, 2021. This discussion and analysis letter of the Linton Housing Authority's financial performance should be read in conjunction with the auditor's opinion letter and the following financial statements.

The combined financial statements reflect all of the Housing Authority's federally funded programs and activities in one place. The Housing Authority reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for "business-type activities" – activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transaction has actually taken place.

FINANCIAL HIGHLIGHTS

The term "net position" refers to the difference between assets and liabilities. The Housing Authority's total net position as of December 31, 2021 was \$720,117. The net position decreased by \$49,207, a decrease of 6.4% from the prior year.

Revenues and contributions for the Housing Authority were \$902,330 for the year ended December 31, 2021. This was a decrease of \$94,928 or 9.6% from the prior year.

Expenses for the Housing Authority were \$951,537 for the year ended December 31, 2021. This was a decrease of \$106,168 or 10.1% from the prior year.

HUD operating grants were \$753,771 for the year ended December 31, 2021. This was a decrease of \$102,153 from the prior year. There were no capital contributions during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains this *Management & Discussion 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*. The Housing Authority's financial statements are presented as fund financial statements because the Housing Authority only has proprietary funds.

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required Financial Statements

The *Statement of Net Position* includes the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Housing Authority creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Housing 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*. HUD has established Uniform Financial Reporting Standards that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

FUND STATEMENTS

The Financial Data Schedule reports the Housing Authority's operations in more detail. The Housing Authority reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

FUND STATEMENTS (Continued)

Low Rent Public Housing Program: Under this program, the Housing Authority rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Authority to lease these units at a rate that is based on 30% of monthly adjusted income, or 10% of monthly income, or a \$50.00 monthly minimum rent, or a flat rent.

Capital Fund Program: Under this program, the Housing Authority is awarded funds each year to use for Capital needs. The Housing Authority is currently allowed to use up to 100% of these funds, if need be, to supplement Operating Subsidies. This program is the primary funding source for physical improvements to its properties.

Section 8 Housing Choice Voucher Program: Under this program, the Housing Authority administers contracts with independent landlords to provide housing for low-income households. These units are not owned by the Housing Authority. The Housing Authority subsidizes the family's rent via a "Housing Assistance Payment" made directly to the landlord. HUD provides subsidy to the Housing Authority to enable the Housing Authority to set the rental rates at 30% to 40% of a participant's income.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the following table, assets exceeded liabilities by \$720,117 at the close of the year ended December 31, 2021 a decrease from \$769,324 in 2020. The decrease in net position was due to the change in net position of \$(49,207).

The unrestricted net position was \$306,273 as of December 31, 2021. This amount may be used to meet the Housing Authority's ongoing obligations. The Housing Authority had a net position classified as restricted in the amount of \$8,291 that are subject to external restrictions on how they may be used. The restricted assets consist of excess funding in the Housing Choice Voucher program. At the end of the current year, the Housing Authority is able to report positive balances in all categories of net position.

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENTS OF NET POSITION
December 31,

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>
Current and other assets	\$ 377,902	\$ 425,741	\$ (47,839)
Capital assets, net	405,553	457,347	(51,794)
Deferred outflow of resources	<u>13,614</u>	<u>5,798</u>	<u>7,816</u>
Total Assets	<u>797,069</u>	<u>888,886</u>	<u>(91,817)</u>
Current liabilities	15,914	48,932	(33,018)
Noncurrent liabilities	23,685	57,308	(33,623)
Deferred inflow of resources	<u>37,353</u>	<u>13,322</u>	<u>24,031</u>
Total Liabilities	<u>76,952</u>	<u>119,562</u>	<u>(42,610)</u>
Net position:			
Net Investment in capital assets	405,553	457,347	(51,794)
Restricted	8,291	5,343	2,948
Unrestricted	<u>306,273</u>	<u>306,634</u>	<u>(361)</u>
Total Net Position	<u>\$ 720,117</u>	<u>\$ 769,324</u>	<u>\$ (49,207)</u>

Total current assets decrease of \$47,839 was due, in large part to a decrease in operating cash flows of \$47,147.

Current liabilities decreased by \$33,018, in large part, to a decrease in unearned revenue of \$22,793 and a decrease in accrued wages/payroll taxes payable of \$10,009. The noncurrent liabilities decreased by \$33,623 from the prior year due to accrued pension liability decreasing by \$29,776.

The largest portion of the Housing Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Housing 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.

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>12/31/21</u>	<u>12/31/20</u>	<u>Dollar Change</u>
Revenues and Contributions			
Operating, non-operating, capital contributions:			
Tenant Revenue	\$ 142,034	\$ 134,090	\$ 7,944
HUD operating grants	753,771	855,924	(102,153)
Other income	4,023	6,620	(2,597)
Fraud recovery	2,460	450	2,010
Interest income	42	174	(132)
Total Revenues and Contributions	<u>902,330</u>	<u>997,258</u>	<u>(94,928)</u>
Expenses			
Personnel services	221,088	211,162	9,926
Utilities	26,972	27,601	(629)
Maintenance	71,236	90,118	(18,882)
Insurance	22,296	25,750	(3,454)
Other supplies and expenses	37,569	107,869	(70,300)
Housing Assistance Payments	511,682	537,475	(25,793)
Depreciation	60,694	57,730	2,964
Total Expenses	<u>951,537</u>	<u>1,057,705</u>	<u>(106,168)</u>
Change in net position	(49,207)	(60,447)	11,240
Beginning net position	769,324	831,504	(62,180)
Prior period adjustment	0	(1,733)	1,733
Ending net position	<u>\$ 720,117</u>	<u>\$ 769,324</u>	<u>\$ (49,207)</u>

Revenues:

As can be seen in the above table total revenues and contributions decreased by \$94,928, in large part, due to HUD operating grants decreasing by \$102,153 and tenant revenue increasing \$7,944.

Linton Housing Authority's primary revenue sources are subsidies and grants received by HUD. Please note that Capital Fund Program grants are classified as either soft cost revenue or hard cost revenue. The Housing Authority classified 100% of the capital grants during the current year as soft cost. For the year ending December 31, 2021, revenue generated by the Housing Authority accounted for \$142,034 (or 15.8% of total revenue), while HUD contributions accounted for \$753,771 (or 83.6% of total revenue).

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

FINANCIAL ANALYSIS (Continued)

Expenses:

Total expenses for the fiscal year ending December 31, 2021 were \$951,537 while for the year ending December 31, 2020, they were \$1,057,705. This represents a 10.1% decrease in our operating costs due primarily to a decrease in housing assistance payments of \$25,793 and a decrease in other supplies and expenses of \$70,300.

The following represents changes in Federal Assistance received:

	<u>12/31/21</u>	<u>12/31/20</u>	<u>Dollar Change</u>
Public Housing Operating Subsidy	\$ 113,550	\$ 95,812	\$ 17,738
Capital Fund Program	0	109,790	(109,790)
Section 8 Housing Choice Voucher Program	615,972	616,042	(70)
Public Housing CARES Act	0	14,746	(14,746)
HCV CARES Act	24,249	19,534	4,715
Total	<u>\$ 753,771</u>	<u>\$ 855,924</u>	<u>\$ (102,153)</u>

The above chart is segregated as to the Program source of funds, not the use of funds. The subsidy for Public Housing increased mainly due the HUD increasing its funding formula amount for the Housing Authority. During the prior year, the Housing Authority did not receive any capital fund grants.

Budget Analysis:

A Low Rent Public Housing Operating Budget for the year ending December 31, 2021 was presented to and approved by the Board of Commissioners. Actual results were in line with budgeted amounts.

OPERATIONAL HIGHLIGHTS

The Linton Housing Authority provided the following housing for low-income individuals and families:

	<u>12/31/21</u>	<u>12/31/20</u>
Low Rent Public Housing Program	49	49
Section 8 Housing Choice Voucher Program	219	219

The Housing Authority had a 99.4 percent lease up rate in the Low Rent program for the current year. The Voucher program had an 80.4 percent lease rate for the year ended December 31, 2021.

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

CAPITAL ASSETS

The Linton Housing Authority's investment in capital assets, as of December 31, 2021 amounts to \$405,553 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. For further detail of capital assets see Note C.

CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
December 31,

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>
Land	\$ 293,481	\$ 293,481	\$ 0
Buildings	2,909,543	2,904,743	4,800
Building improvements	1,242	1,242	0
Furniture, equipment and machinery			
- Administration	128,544	124,444	4,100
	<u>3,332,810</u>	<u>3,323,910</u>	<u>8,900</u>
Accumulated depreciation	<u>(2,927,257)</u>	<u>(2,866,563)</u>	<u>(60,694)</u>
Total	<u>\$ 405,553</u>	<u>\$ 457,347</u>	<u>\$ (51,794)</u>

Capital assets decreased by \$51,794 because of depreciation of \$60,694 and capital purchases of \$(8,900) during the current year.

During the year ending December 31, 2021, our Capital Fund Program work projects included:

The Housing Authority used capital fund grants for a mower and the construction of a new garage.

Capital projects planned for the next year include ongoing housing operations.

Linton Housing Authority
Management's Discussion and Analysis (MD&A)
December 31, 2021
(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Authority is affected more by the Federal Budget than by local economic conditions. Due to inadequate funding of programs, the Housing Authority is engaging in outreach activities within its local community to seek other federal and non-federal sources of income to offset operational expenses and keep the Housing Authority financially and operationally in order to continue to provide safe, sanitary, and decent housing to our residents.

We know of no other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or results of operations (revenues, expenses, and other changes).

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

JKen Wright, Executive Director
Linton Housing Authority
Rural Route 2, Box 680
Linton, Indiana 47441

FINANCIAL STATEMENTS

Linton Housing Authority
Statement of Net Position
December 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 347,980
Accounts receivable-tenants, net	1,087
Prepaid expenses	2,670
Inventories	1,915
Other assets	24,250
Total Current Assets	377,902

Capital Assets:

Land	293,481
Buildings	2,909,543
Equipment	128,544
Leasehold improvements	1,242
	3,332,810
Less: accumulated depreciation	(2,927,257)
Net Capital Assets	405,553

Deferred Outflow of Resources	13,614
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Total Assets and Deferred Outflow of Resources	\$ 797,069
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LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 2,589
Accrued expenses	3,230
Tenant security deposit liability	7,625
Unearned revenue	2,470
Total Current Liabilities	15,914

Non-Current Liabilities:

Accrued pension	23,685
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Total Non-Current Liabilities	23,685
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Total Liabilities	39,599
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Deferred inflow of resources	37,353
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Net Position:

Net investment in capital assets	405,553
Restricted net position	8,291
Unrestricted net position	306,273
Total Net Position	720,117

Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 797,069
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See notes to financial statements

Linton Housing Authority
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended December 31, 2021

OPERATING REVENUES:

Dwelling rent	\$	142,034
Operating grants		<u>753,771</u>
Total operating revenues		<u>895,805</u>

OPERATING EXPENSES:

Administrative		212,505
Utilities		26,972
Maintenance		117,278
Protective services		110
Insurance		22,296
Housing assistance payments		511,682
Depreciation		<u>60,694</u>
Total operating expenses		<u>951,537</u>
Operating income (loss)		<u>(55,732)</u>

NONOPERATING REVENUES:

Investment interest income - Unrestricted		42
Fraud recovery		2,460
Other revenue		<u>4,023</u>
Total non-operating revenues		<u>6,525</u>
Change in net position		(49,207)
Net Position, beginning		<u>769,324</u>
Net Position, ending	\$	<u><u>720,117</u></u>

See notes to financial statements

Linton Housing Authority
Statement of Cash Flows
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and non dwelling rents	\$	118,403
Cash received from operating grants		753,771
Cash payments to other suppliers of goods and services		(669,956)
Cash payments to employees for services		<u>(249,365)</u>
Net cash (used) by operating activities		<u>(47,147)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Tenant security deposits		200
Fraud recovery		2,460
Other assets		<u>(24,250)</u>
Net cash (used) by noncapital financing activities		<u>(21,590)</u>

CASH FLOWS FROM CAPITAL ACTIVITIES:

Capital outlays		<u>(8,900)</u>
Net Cash (used) by capital activities		<u>(8,900)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Other revenue		4,023
Receipts of interest income - unrestricted		<u>42</u>
Net cash provided by investing activities		<u>4,065</u>

Net increase (decrease) in cash		(73,572)
Cash and cash equivalents, beginning		<u>421,552</u>
Cash and cash equivalents, ending	\$	<u><u>347,980</u></u>

See notes to financial statements

Linton Housing Authority
Statement of Cash Flows (Continued)
Year Ended December 31, 2021

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

Operating income (loss)	\$	(55,732)
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		60,694
Allowance for doubtful accounts		92
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		(930)
Prepaid expenses		150
Inventories		(795)
Deferred outflow of resources		(7,816)
Increase (decrease) in liabilities:		
Accounts payable-trade		444
Accrued wages/payroll taxes payable		(10,009)
Accrued compensated absences		(4,707)
Unearned revenue		(22,793)
Accrued pension		(29,776)
Deferred inflow of resources		24,031
		24,031
Net cash (used) by operating activities	\$	(47,147)

See notes to financial statements

Linton Housing Authority
Notes to Financial Statements
December 31, 2021

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

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

1. Reporting Entity

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

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 49 federal public housing units through this program.

Public Housing Capital Fund

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

Section 8 Housing Choice Vouchers

HUD provides grants to the Housing Authority to subsidize rents paid by low income families and issued vouchers affording them choices in renting from private landlords. The Housing Authority subsidizes the landlord for the differences between the rent requested and the tenant’s share of the rent not to exceed a predetermined payment standard. This program provided rental assistance to approximately 219 families and individuals this year.

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

1. Basis of Presentation and Accounting

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

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

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

2. Budgets and Budgetary Accounting

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

3. Cash and Cash Equivalents

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

4. Tenant Accounts Receivable and Allowance for Bad Debts

Accounts receivable have been adjusted for all known uncollectible accounts.

5. Prepaid Expenses

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

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

6. Compensated Absences

Housing Authority employees are granted vacation days in varying amounts based on tenure with the Housing Authority. Employees are also granted nine personal days in addition to their vacation days. In the event of termination by retirement or death, an employee is paid for accumulated personal days according to personnel policies.

7. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended December 31, 2021, there were inter-program receivables and payables of \$66,371 due from the Housing Choice Voucher program to the Low Rent program. There were no operating transfers during the year.

8. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,500 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	5	-	40 years
Equipment	3	-	10 years

Land and land improvements include approximately \$293,481 of capitalized land that is not subject to depreciation.

10. Inventories

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

11. Income Taxes

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

12. Use of Estimates

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

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

13. Operating Revenues and Expenses

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

14. Deferred Outflows/Inflows of Resources

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

15. Unearned Revenue

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

16. Comparative Data

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

17. Net Position

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

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

17. Net Position (Continued)

- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

18. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including April 25, 2022, which is the date the financial statements were available to be issued.

NOTE B: CASH AND CASH EQUIVALENTS

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

The Housing Authority has designated one bank for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of checking accounts, money market accounts, and certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Cash and cash equivalents balance was as follows:

Cash – operations	\$ 347,980
Total	<u>\$ 347,980</u>

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of December 31, 2021:

Bank deposits (checking, savings, and treasury obligation accounts)	\$ 347,880
Petty cash	<u>100</u>
Total	<u>\$ 347,980</u>

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

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Balance 12/31/20</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 12/31/21</u>
Low Rent Program				
Land	\$ 293,481	\$ 0	\$ 0	\$ 293,481
Buildings	2,865,112	4,800	0	2,869,912
Building improvements	1,242	0	0	1,242
Furniture, equipment & machinery - administration	124,444	4,100	0	128,544
	<u>3,284,279</u>	<u>\$ 8,900</u>	<u>\$ 0</u>	<u>3,293,179</u>
Less accumulated depreciation	<u>(2,826,932)</u>	<u>\$ (60,694)</u>	<u>\$ 0</u>	<u>(2,887,626)</u>
Total	<u>\$ 457,347</u>			<u>\$ 405,553</u>
 Housing Choice Voucher Program				
Buildings	<u>\$ 39,631</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 39,631</u>
	39,631	<u>\$ 0</u>	<u>\$ 0</u>	39,631
Less accumulated depreciation	<u>(39,631)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(39,631)</u>
Total	<u>\$ 0</u>			<u>\$ 0</u>
 Combined Totals				 <u>\$ 405,553</u>

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

Business-type activities:	
Low Rent Program	\$ 60,694
Housing Choice Voucher Program	0
	<u>\$ 60,694</u>

NOTE D: NON-CURRENT LIABILITIES

As of December 31, 2021, the non-current liabilities are comprised of the following:

Accrued pension	\$	23,685
Accrued compensated absences		<u>0</u>
	\$	<u>23,685</u>

The following is a summary of changes in non-current liabilities for the year ended December 31, 2021:

	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/21</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Accrued pension	\$ 53,461	\$ 0	\$ (29,776)	\$ 23,685	\$ 0
Accrued absences	<u>3,847</u>	<u>0</u>	<u>(3,847)</u>	<u>0</u>	<u>0</u>
	<u>\$ 57,308</u>	<u>\$ 0</u>	<u>\$ (33,623)</u>	<u>\$ 23,685</u>	<u>\$ 0</u>

NOTE E: COMMITMENTS AND CONTINGENCIES

Commitments – Construction

At December 31, 2021, the Housing Authority had the following capital fund grants:

	<u>IN36P055501-18</u>	<u>IN36P055501-19</u>	<u>IN36P055501-20</u>
Funds Approved	\$ 105,913	\$ 110,397	\$ 118,792
Funds Expended	<u>(104,000)</u>	<u>(109,790)</u>	<u>(117,935)</u>
Excess of Funds Approved	<u>\$ 1,913</u>	<u>\$ 607</u>	<u>\$ 857</u>
Funds Advance (HUD Grants)	\$ 104,000	\$ 109,790	\$ 117,935
Funds Expended	<u>(104,000)</u>	<u>(109,790)</u>	<u>(117,935)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contingencies

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

NOTE F: RETIREMENT PLAN

Description of Pension Plan

The Linton Housing Authority participates in a cost-sharing multiple-employer Pension Plan, as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Employees' Retirement System (INPRS). INPRS is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS reports are available online at <https://www.in.gov/inprs/publications/actuarial-valuation-reports/>.

Members include officers and employees of the units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old with sum of age and vesting service equal to 85 or more is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

As of June 30, 2021 members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2024
0.5% beginning on January 1, 2034
0.6% beginning on January 1, 2039

The PERF hybrid plan also provides disability and survivor benefits.

NOTE F: RETIREMENT PLAN (CONTINUED)

Contributions

Each member is required to contribute to a Defined Contribution Account at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest based on the investment elections of each member until such time as they are withdrawn or annuitized by the member.

The Defined Contributions Account benefit is in addition to the annuity benefits provided by employer contributions. During FYE 2018 the Defined Contribution Accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2021, the Housing Authority reported a liability of \$23,685 for its proportionate share of the net position liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2021, the Housing Authority's proportion was 0.0000180%, which was an increase of 0.0000443% from its proportion measured as of June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

For the year ended December 31, 2021, the Housing Authority recognized pension expense of \$(2,430):

At July 2021, the Housing 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	\$ 810	\$ 473
Net differences between projected and actual earnings on pension plan investments	0	30,753
Changes in assumptions	11,914	5,320
Changes in proportion and differences between employer contributions and proportionate share of contributions	890	807
Total	\$ 13,614	\$ 37,353

NOTE F: RETIREMENT PLAN (CONTINUED)

Pension Expense/(Income)

Proportionate Share of Plan Pension Expense	\$	(2,045)
Specific Liabilities of Individual Employers		0
Net Amortization of Deferred Amounts from Changes in		(385)
Total	\$	<u>(2,430)</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended:</u>	<u>Amortization of net Deferred outflows (inflows) or resources</u>
2022	\$ (6,531)
2023	(5,379)
2024	(3,040)
2025	(8,789)
2026	0
Thereafter	0
Total	<u>\$ (23,739)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Economic Assumptions	
1. Investment return	6.25% per year, compounded annually
2. Inflation	2.00% per year
3. Salary increase	Wage inflation 2.65%, Merit 6.00%
4. Cost-of-living adjustment (COLA)	Members in pay were granted a 1.00% COLA Effective January 1, 2022 for the next biennium. Therefore, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2024 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019.

NOTE F: RETIREMENT PLAN (CONTINUED)

Sensitivity of the Housing Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the Housing 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 (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate.

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase To Discount Rate (7.25%)
Linton Housing Authority proportionate share of the net pension liability	<u>\$ 61,947</u>	<u>\$ 23,685</u>	<u>\$ (8,230)</u>

Payables to the Pension Plan

At December 31, 2021, the Housing Authority reported a payable of \$23,685 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

Net Pension Liability as of 2020	\$ 53,461
:	
Deferred Outflow/inflow of Resources:	
- Differences Between Expected and Actual Experience	108
- Net Difference Between Projected and Actual Investment	(35,328)
- Change in Assumptions	17,733
- Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1,272
Pension Expense/Income	(2,430)
Contributions	<u>(11,131)</u>
Total Activity in FY 2021	<u>(29,776)</u>
Net Pension Liability as of 2021	<u>\$ 23,685</u>

The pension information is not audited.

NOTE G: RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685

Independent Accountant’s Report on Applying Agreed-Upon Procedure

To the Board of Commissioner
Linton Housing Authority

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

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

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the “UFRS Rule Information” column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Linton Housing Authority as of and for the year ended December 31, 2021, and have issued our reports thereon dated April 25, 2022. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated April 25, 2022, was expressed in relation to the basic financial statements of the Authority taken as a whole.

Independent Accountant's Report on Applying Agreed-Upon Procedure

Page Two

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

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

Barry E. Gaudette, CPA, PC

April 25, 2022

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

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

Linton Housing Authority
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended December 31, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor</u>	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<hr/>			
U.S. Department of HUD			
<hr/>			
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	A – Major	14.871	\$ 554,190
Ongoing Administrative Fees Earned	B – Major	14.871	<u>61,782</u>
Subtotal Housing Voucher Cluster			615,972
Public and Indian Housing:			
Public Housing Program	B - Nonmajor	14.850	113,550
Public Housing Capital Fund	B – Nonmajor	14.872	0
HCV CARES Act Funding	B – Nonmajor	14.HCC	<u>24,249</u>
Total Federal Financial Awards			<u><u>\$ 753,771</u></u>
Threshold for Type A/Type B Program			<u><u>\$ 750,000</u></u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended December 31, 2021. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

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

Linton Housing Authority
Financial Data Schedule
Year Ended December 31, 2021

FDS Line Item No.		Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	HCV CARES Act Funding 14.HCC
	ASSETS			
	Current assets:			
111	Cash-unrestricted	\$ 227,141	\$ 104,923	\$ 0
113	Cash-other restricted	0	8,291	0
114	Cash-tenant security deposits	7,625	0	0
100	Total cash	<u>234,766</u>	<u>113,214</u>	<u>0</u>
	Receivables:			
126	A/R-tenants-dwelling rents	1,207	0	0
126.1	Allowance for doubtful accounts	(120)	0	0
120	Total receivables, net	<u>1,087</u>	<u>0</u>	<u>0</u>
	Other Current Assets:			
142	Prepaid expenses	2,670	0	0
143	Inventories	1,915	0	0
144	Inter program due from	42,121	0	0
	Total other current assets	<u>46,706</u>	<u>0</u>	<u>0</u>
150	Total current assets	<u>282,559</u>	<u>113,214</u>	<u>0</u>
	Noncurrent Assets:			
	Fixed Assets:			
161	Land	293,481	0	0
162	Buildings	2,869,912	39,631	0
164	Furn, equip & mach-admin	128,544	0	0
165	Building improvements	1,242	0	0
166	Accumulated depreciation	(2,887,626)	(39,631)	0
160	Total fixed assets, net	<u>405,553</u>	<u>0</u>	<u>0</u>
174	Other assets	<u>24,250</u>	<u>0</u>	<u>0</u>
180	Total non-current assets	<u>429,803</u>	<u>0</u>	<u>0</u>
200	Deferred outflow of resources	<u>13,614</u>	<u>0</u>	<u>0</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 725,976</u>	<u>\$ 113,214</u>	<u>\$ 0</u>

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 332,064
0	8,291
0	7,625
<u>0</u>	<u>347,980</u>
0	1,207
<u>0</u>	<u>(120)</u>
<u>0</u>	<u>1,087</u>
0	2,670
0	1,915
(42,121)	0
<u>(42,121)</u>	<u>4,585</u>
<u>(42,121)</u>	<u>353,652</u>
0	293,481
0	2,909,543
0	128,544
0	1,242
<u>0</u>	<u>(2,927,257)</u>
0	405,553
<u>0</u>	<u>24,250</u>
<u>0</u>	<u>429,803</u>
<u>0</u>	<u>13,614</u>
<u>\$ (42,121)</u>	<u>\$ 797,069</u>

Linton Housing Authority
Financial Data Schedule
(Continued)
Year Ended December 31, 2021

FDS Line Item No.		Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	HCV CARES Act Funding 14.HCC
	LIABILITIES and NET POSITION			
	Current liabilities:			
312	Accounts payable	\$ 1,569	\$ 1,020	\$ 0
321	Accrued wage/payroll taxes payable	3,230	0	0
341	Tenant security deposits	7,625	0	0
342	Unearned revenue	2,470	0	0
347	Inter program due to	0	42,121	0
310	Total current liabilities	<u>14,894</u>	<u>43,141</u>	<u>0</u>
	Non-current liabilities:			
357	Accrued pension	<u>23,685</u>	<u>0</u>	<u>0</u>
350	Total noncurrent liabilities	<u>23,685</u>	<u>0</u>	<u>0</u>
300	Total liabilities	<u>38,579</u>	<u>43,141</u>	<u>0</u>
400	Deferred inflow of resources	<u>37,353</u>	<u>0</u>	<u>0</u>
	Net Position:			
508.4	Net investment in capital assets	405,553	0	0
511.4	Restricted net position	0	8,291	0
512.4	Unrestricted net position	<u>244,491</u>	<u>61,782</u>	<u>0</u>
513	Total net position	<u>650,044</u>	<u>70,073</u>	<u>0</u>
600	Total Liabilities, Deferred Inflows of Resources and and Net Position	<u>\$ 725,976</u>	<u>\$ 113,214</u>	<u>\$ 0</u>

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 2,589
0	3,230
0	7,625
0	2,470
(42,121)	0
<u>(42,121)</u>	<u>15,914</u>
0	23,685
<u>0</u>	<u>23,685</u>
(42,121)	39,599
<u>0</u>	<u>37,353</u>
0	405,553
0	8,291
<u>0</u>	<u>306,273</u>
0	720,117
<u>\$ (42,121)</u>	<u>\$ 797,069</u>

Linton Housing Authority
Financial Data Schedule
(Continued)
Year Ended December 31, 2021

FDS Line Item No.	Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872
Revenues			
70300	Net tenant rental revenue	\$ 142,034	\$ 0
70500	Total tenant revenue	142,034	0
70600	HUD PHA operating grants	113,550	615,972
71100	Investment income – unrestricted	27	15
71400	Fraud recovery	0	2,460
71500	Other revenue	3,920	103
70000	Total Revenue	<u>259,531</u>	<u>618,550</u>
Expenses			
Administrative:			
91100	Administrative salaries	63,591	76,061
91200	Auditing fees	6,500	0
91500	Employee benefit contributions	9,113	8,070
91600	Office expenses	8,585	8,944
91800	Travel	4,784	86
91900	Other	4,600	3,960
91000	Total operating-administrative	<u>97,173</u>	<u>97,121</u>
Utilities:			
93100	Water	7,555	0
93200	Electricity	2,770	0
93300	Gas	916	0
93600	Sewer	15,712	0
93800	Other utilities expense	19	0
93000	Total utilities	<u>26,972</u>	<u>0</u>
Ordinary maintenance and operations:			
94100	Labor	34,879	0
94200	Materials and other	32,398	0
94300	Contracts	38,838	0
94500	Employee benefit contributions	5,125	0
94000	Total maintenance	<u>111,240</u>	<u>0</u>
Protective services:			
95200	Other contract services	110	0
95000	Total protective services	<u>110</u>	<u>0</u>
Insurance:			
96110	Property insurance	15,723	0
96120	Liability insurance	3,196	0
96130	Workmen’s compensation	2,073	0
96140	All other insurance	1,304	0
96100	Total insurance premiums	<u>22,296</u>	<u>0</u>

HCV CARES Act Funding 14.HCC	Total
\$ 0	\$ 142,034
0	142,034
24,249	753,771
0	42
0	2,460
0	4,023
<u>24,249</u>	<u>902,330</u>
18,115	157,767
0	6,500
96	17,279
0	17,529
0	4,870
0	8,560
<u>18,211</u>	<u>212,505</u>
0	7,555
0	2,770
0	916
0	15,712
0	19
<u>0</u>	<u>26,972</u>
6,038	40,917
0	32,398
0	38,838
0	5,125
<u>6,038</u>	<u>117,278</u>
<u>0</u>	<u>110</u>
<u>0</u>	<u>110</u>
0	15,723
0	3,196
0	2,073
0	1,304
<u>0</u>	<u>22,296</u>

Linton Housing Authority
Financial Data Schedule
(Continued)
Year Ended December 31, 2021

FDS Line Item No.	Low Rent Program 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872
	Expenses (continued)		
	Other general expenses:		
96200	0	0	0
96400	0	0	0
96000	0	0	0
	Total other general expenses		
96900	257,791	97,121	0
97000	Excess revenue over operating expenses		
	1,740	521,429	0
	Other Expenses:		
97300	0	511,682	0
97400	60,694	0	0
	60,694	511,682	0
90000	Total expenses		
	318,485	608,803	0
	Other Financing Sources (Uses):		
10010	0	0	0
10020	0	0	0
	0	0	0
10000	Excess(deficiency) of revenue over(under) expenses		
	(58,954)	9,747	0
11030	Beginning net position		
	708,998	60,326	0
	Ending net position		
	\$ 650,044	\$ 70,073	\$ 0
11170	Administrative fee equity		
11180	Housing assistance payments Equity		
		\$ 61,782	
		\$ 8,291	
11190	588	2,628	
11210	584	2,113	

HCV CARES Act Funding 14.HCC	Total
0	0
0	0
0	0
24,249	379,161
0	523,169
0	511,682
0	60,694
0	572,376
24,249	951,537
0	0
0	0
0	0
0	(49,207)
0	769,324
<u>\$ 0</u>	<u>\$ 720,117</u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685

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

To the Board of Housing Commissioners
Linton Housing Authority
Greene County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Linton Housing Authority, Indiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Linton Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated April 25, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Barry E. Gaudette, CPA, PC

April 25, 2022

**Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685**

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

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

Report on Compliance for Each Major Federal Program

We have audited the Linton Housing Authority, Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Linton Housing Authority, Indiana's major federal programs for the year ended December 31, 2021. Linton Housing Authority, Indiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Barry E. Gaudette, CPA, PC

April 25, 2022

**Linton Housing Authority
Status of Prior Audit Findings
December 31, 2021**

There were no prior year findings.

Linton Housing Authority
Schedule of Findings and Questioned Costs
December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

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

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

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

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
14.871	Housing Voucher Cluster

Section II - Findings Related to the Financial Statements

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

Section III - Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs.