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January 19, 2023

Board of Directors
Elkhart Housing Authority
1396 Benham Ave
Elkhart, IN 46516

We have reviewed the audit report of the Elkhart Housing Authority, which was opined upon by Velma Butler & Company, Ltd., Independent Public Accountant, for the period April 1, 2021 to March 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Elkhart Housing Authority as of March 31, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Velma Butler & Company, Ltd. prepared the audit report in accordance with 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

HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
MARCH 31, 2022,
INCLUDING SINGLE AUDIT REPORTS
AND SUMMARY OF AUDITORS' RESULTS

HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Elkhart
Elkhart, IN 46516

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

Opinion

We have audited the accompanying financial statements of the primary government business type activities and the component unit of the Housing Authority of the City of Elkhart, Indiana (Authority), as of and for the year ended March 31, 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the audit report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government and the discretely presented component unit of the Authority, as of March 31, 2022, 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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility 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 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 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*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Summarized Comparative Information

We previously audited the Authority's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements based on our report dated December 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Velma Butler & Company, Ltd.
Chicago, Illinois

December 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Housing Authority of the City of Elkhart, Indiana
1396 Benham Ave
Elkhart, IN 46516
PHONE (574)295-8392 FAX (574) 293-6878

To the Board of Commissioners
Housing Authority of the City of Elkhart, Indiana
Elkhart, IN 46516

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Elkhart, Indiana (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on March 31, 2022. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended March 31, 2022. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

- Total assets were \$19.4 million at March 31, 2022, an increase of \$944 thousand from the \$18.4 million at March 31, 2021, mainly due to increases in capital assets.
- Net capital assets were \$12.5 million at March 31, 2022, and increased \$828 thousand from \$11.6 million at March 31, 2021. This was primarily due to an increase in HUD Capital Grant.
- Total liabilities decreased by \$268 thousand to \$868 thousand at March 31, 2022 from \$1.1 million at March 31, 2021. The decrease is due to deferred revenue from the CARES ACT in 2021.

- Total net position was \$18.5 million at March 31, 2022, an increase of about \$1.2 million or 7 percent from prior year balance of \$17.3 million.
- Total revenue was \$10.7 million at March 31, 2022, a decrease of \$353 thousand from the March 31, 2021, balance of \$11 million. The decrease was primarily due to less HUD funding.
- Total expenses decreased by \$10 thousand to \$9.5 million at March 31, 2022 from \$9.5 million at March 31, 2021.

USING THIS REPORT

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

Net position represents the difference between total assets and total liabilities.

Table 1
Elkhart Housing Authority's Net Position
(in thousands dollars)

	2022	2021	Change	Percent of Change
Current Assets	\$ 6,892	\$ 6,776	\$ 116	1.7%
Capital Assets	12,472	11,644	828	7.1%
Total Assets	\$ 19,364	\$ 18,420	\$ 944	5.1%
Current Liabilities	\$ 696	\$ 970	\$ (274)	-28.2%
Other Non Current Liabilities	172	166	6	3.6%
Total Liabilities	868	1,136	(268)	-23.6%
Invested in Capital Assets, Net	12,472	11,644	828	7.1%
Unrestricted	5,939	5,617	322	5.7%
Restricted	85	23	62	0.0%
Total Net Position	18,496	17,284	1,212	7.0%
Total Liab. and Net Position	\$ 19,364	\$ 18,420	\$ 944	5.1%

As shown in Table 1, the Authority's total net position at March 31, 2022, was approximately \$19.4 million, a 5.1 percent increase from the March 31, 2021, balance of \$18.4 million.

Capital Assets

Capital assets increased by approximately \$828 thousand from \$11.6 million to \$12.5 million, as shown in the table below:

Table 2
Elkhart Housing Authority's Change in Capital Assets

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage Change</u>
Land	\$ 1,023,922	\$ 1,023,922	\$ -	0.0 %
Building	39,563,854	37,942,590	1,621,264	4.3 %
Equipment	1,789,061	1,772,210	16,851	1.0 %
Construction In Progress	-	-	-	0.0 %
Accumulated Depreciaton	(29,904,928)	(29,094,705)	(810,223)	2.8 %
Total Capital Assets	<u>\$ 12,471,909</u>	<u>\$ 11,644,017</u>	<u>\$ 827,892</u>	7.1 %

For 2021 depreciation expense was \$878,894 and there was no construction in progress. Capital additions were \$1,818,893, and there were no disposals. Additional detail can be found in the notes to the financial statements.

Investments and Accrued Interest Receivable

The Authority has several certificates of deposit (CD) at various financial institutions, which will mature in future years. Interest payments are accumulated and are not required to be paid until the maturity. Additional information can be found in the Notes to Financial Statements.

Revenues

As shown in Table 3, the Authority's total operating revenues decreased to \$10.7 million by \$353 thousand or 3.2 percent for the year ended March 31, 2022.

Table 3
Change in Elkhart Housing Authority's Net Position
(in thousands)

<u>Description</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percent of Change</u>
Operating Revenue	\$ 9,226	\$ 9,642	\$ (416)	-4.3%
Non-Operating Revenue	1,436	1,373	63	4.6%
Total Revenue	10,662	11,015	(353)	-3.2%
Operating Expenses	8,640	8,581	59	0.7%
Depreciation	810	879	(69)	-7.8%
Total Expenses	9,450	9,460	(10)	-0.1%
Change in Net Position	1,212	1,555	(343)	-22.1%
Beginning Net Position	17,284	15,729	1,555	9.9%
Ending Net Position	<u>\$ 18,496</u>	<u>\$ 17,284</u>	<u>\$ 1,212</u>	7.0%

Expenses

Total operating expenses, including depreciation, decreased by \$10 thousand or 0.1 percent for a total balance of \$9.5 million for the year ended March 31, 2022. Changes are shown below in Table 4:

Table 4
Elkhart Housing Authority's Operating Expenses
(in thousands)

Description	2022	2021	Change	Percent of Change
Administrative Expenses	\$ 1,653	\$ 1,565	\$ 88	5.6%
Tenant Services	1	16	(15)	-93.8%
Utilities Expenses	360	371	(11)	-3.0%
Ordinary Maintenance	1,589	1,237	352	28.5%
Protective Services	60	95	(35)	-36.8%
Insurance Expense	264	252	12	4.8%
General Expenses	184	198	(14)	-7.1%
Housing Assistance Payments	4,529	4,847	(318)	-6.6%
Depreciation Expense	810	879	(69)	-7.8%
Total Operating Expenses	\$ 9,450	\$ 9,460	\$ (10)	-0.1%

Expenses primarily increased in administrative expenses and ordinary maintenance, which was offset by decreases in housing assistance payments and general expenses.

BUDGETARY CONTROL

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

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

ECONOMIC FACTORS

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

MAJOR INITIATIVES

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ann Washington, Deputy Director, the Housing Authority of the City of Elkhart, Indiana 1396 Benham Ave, Elkhart, Indiana 46516 or call (574) 295-8392.

FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
MARCH 31, 2022 (WITH 2021 COMPARATIVES)

EXHIBIT A

	2022 TOTAL AUTHORITY	2021 TOTAL AUTHORITY
ASSETS		
Cash and Cash Equivalents (Unrestricted)	\$ 4,876,911	\$ 4,096,704
Cash and Cash Equivalents (Restricted)	278,864	769,064
Accounts Receivable (net allowances)	782,961	949,587
Investments	801,526	806,730
Prepaid, Deposits and Escrows	68,096	84,173
Inventory (net allowances)	83,721	69,784
TOTAL CURRENT ASSETS	<u>6,892,079</u>	<u>6,776,042</u>
Capital Assets, Net	12,471,909	11,644,017
TOTAL NON-CURRENT ASSETS	<u>12,471,909</u>	<u>11,644,017</u>
TOTAL ASSETS	<u>\$ 19,363,988</u>	<u>\$ 18,420,059</u>
LIABILITIES AND NET POSITION		
Accounts Payable	\$ 161,642	\$ 140,921
Accrued Liabilities - Current	116,622	249,294
Deferred Revenue	417,935	579,328
TOTAL CURRENT LIABILITIES	<u>696,199</u>	<u>969,543</u>
Accrued Liabilities - Non-Current	71,862	71,927
FSS Escrow Deposits	100,147	94,292
TOTAL NON-CURRENT LIABILITIES	<u>172,009</u>	<u>166,219</u>
TOTAL LIABILITIES	<u>868,208</u>	<u>1,135,762</u>
Invested in Capital Assets	12,471,909	11,644,017
Unrestricted Net Position	5,938,384	5,617,191
Restricted Net Position	85,487	23,089
TOTAL NET POSITION	<u>18,495,780</u>	<u>17,284,297</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 19,363,988</u>	<u>\$ 18,420,059</u>

See accompanying notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2022 (WITH 2021 COMPARATIVES)**

EXHIBIT B

	2022 TOTAL AUTHORITY	2021 TOTAL AUTHORITY
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,395,362	\$ 1,339,460
HUD Operating Grants	7,572,676	7,797,956
Other Income	258,189	504,453
TOTAL OPERATING REVENUES	9,226,227	9,641,869
OPERATING EXPENSES		
Administrative Expenses	1,652,733	1,565,367
Tenant Services	619	16,417
Utilities Expense	360,691	371,133
Ordinary Maintenance and Materials	1,589,239	1,236,648
Protective Services	59,670	94,667
Insurance Expense	264,027	251,441
General Expenses	183,837	198,299
Housing Assistance Payments	4,529,282	4,846,967
Depreciation Expense	810,223	878,894
TOTAL OPERATING EXPENSES	9,450,321	9,459,833
OPERATING INCOME (LOSS)	(224,094)	182,036
NON-OPERATING REVENUES (EXPENSES)		
Interest	5,292	12,577
INCOME BEFORE OTHER REVENUES (EXPENSES)	5,292	12,577
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	1,430,285	1,360,822
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	1,430,285	1,360,822
CHANGE IN NET POSITION	1,211,483	1,555,435
NET POSITION AT BEGINNING OF PERIOD	17,284,297	15,728,862
NET POSITION AT END OF PERIOD	18,495,780	\$ 17,284,297

See accompanying notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2022 (WITH 2021 COMPARATIVES)**

EXHIBIT C

	2022 Total	2021 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 9,226,227	\$ 9,641,869
Payments to Employees	(1,284,895)	(1,332,969)
Payments to Vendors and Suppliers	(7,453,991)	(6,873,299)
Net Cash Provided by Operating Activities	487,341	1,435,601
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Investments	(5,204)	(6,730)
(Increase)/Decrease in Accrued Interest Receivable	-	12,702
Interest Income	5,292	12,577
Net Cash (Used In) Provided by Investing Activities	88	18,549
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grants	1,430,285	1,360,822
(Purchase) of Capital Assets	(627,478)	(1,814,743)
Net Cash (Used In) Provided by Capital and Related Activities	802,807	(453,921)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,290,236	1,000,229
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	3,865,539	3,865,539
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	\$ 5,155,775	\$ 4,865,768
Reconciliation to Statement of Net Assets		
Unrestricted Cash and Cash Equivalents	\$ 4,876,911	\$ 4,096,704
Restricted Cash and Cash Equivalents - Current	278,864	769,064
Cash and Cash Equivalents at end of Fiscal Year	\$ 5,155,775	\$ 4,865,768
Reconciliation of Operating Loss to Net Cash (Used) / Provided by Operating Activities		
Net operating Income/(Loss)	\$ (224,094)	\$ 182,036
Adjustments To Reconcile		
Add Back Depreciation	810,223	878,894
Prior Period Adjustment	-	-
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	166,626	(291,587)
(Increase)/Decrease in Prepaid Expenses and Deposits	16,077	(2,148)
(Increase)/Decrease in Material Inventory	(13,937)	(2,017)
Increase/(Decrease) in Accounts Payable	20,721	(31,156)
Increase/(Decrease) in Accrued Liabilities	(132,737)	119,626
Increase/(Decrease) in Deferred Revenue	(161,393)	579,328
Increase/(Decrease) in FSS Escrow Deposits	5,855	2,625
Net Cash Provided by Operating Activities	\$ 487,341	\$ 1,435,601
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES		
Interest Paid During the Year	\$ -	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

Note 1 - Summary Of Significant Accounting Policies

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

A. Organization and Program Description

The Elkhart Housing Authority was established by the City of Elkhart pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Elkhart and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City Council, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City of Elkhart; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Elkhart Housing Authority is a separate reporting entity. All funds and programs of the Authority are included in these statements. The Authority has a component unit consisting of two non-profit corporations, Housing Finance Corporation and Elkhart Community Housing Corporation.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the various program activities of the Authority. The Authority's assets, liabilities and results of operations are segregated into public housing and grant programs as follows:

Low Rent Housing - The low rent housing program provides subsidized housing to low income residents. The Authority is the owner of public housing units located throughout the city. The Authority receives revenue from dwelling rental income and operating subsidies and capital repair funds from HUD. Operating subsidies are provided by HUD to assist with the cost of operating the program. "Capital Funds," provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments. The low rent housing program is reported as an enterprise fund.

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

Blended Component Units

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

The first non-profit is known as Housing Finance Corporation. The Housing Finance Corporation was formed to carry out or assist in carrying out low-income housing projects, including assistance by borrowing and lending funds, with an emphasis on low-income housing projects formed or financed in compliance with Section 8 of the United State Housing Act of 1937 and the regulations promulgated there under. The second non-profit corporation, Elkhart Community Housing Corporation, was formed to provide affordable, decent and safe housing to low and moderate income individuals and families within the City and Elkhart County.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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

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

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

C. Fund Accounting

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

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively called low rent housing.
- Section 8 Program consists of HUD payment of rents for tenants in privately owned housing and fees to the housing authority for operating the program. An individual fund is use for the Housing Choice Voucher Program.
- Component unit funds consist of the financing activities of the construction of mixed income housing units and the issuance of bonds to develop affordable housing.

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Cash and Cash Equivalents - Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less. Restricted assets include cash legally restricted as to their use. The primary restricted assets are related to the low rent, housing opportunity program, component unit and housing choice voucher program for various funds restricted for tenants. The housing choice voucher program has additional restricted funds for future housing assistance payments.

Investments - Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40 *Deposit and Investment Risk Disclosures*. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. GASB Statement No. 40 requires general disclosures by investment type with disclosures of the specific risks to which those investments are exposed. Investments exposed to credit risk, custodial credit risk, concentration of credit risk (5% of total net position), interest rate risk, and foreign currency risk must be disclosed, and the government reporting unit is required to describe their deposit or investment policies (or the lack of a policy) that relate to the risks stated above, if they are subject to them.

Custodial Credit Risk

- a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned or that the Authority will not be able to recover collateral securities in the possession of an outside party.
- b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Risk Management - The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation. Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years and there has been no significant reduction in insurance coverage during the fiscal year.

Receivables - Receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible receivables are based on historical trends and periodic aging of receivables.

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

Inventories - Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Capital Assets - Capital Assets consist of assets purchased or acquired at a cost of \$500 or greater. All capital assets are stated at historical costs or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets depreciated using straight-line method of depreciation over their estimated useful lives as follows:

Buildings and Improvements	10 -50 years
Furniture, Fixtures and Equipment	5 - 15 years
Automobiles	5 - 15 years

Compensated Absences - The Authority allows regular full-time employees to accumulate the following compensated absences.

Sick Leave - Employees may be paid for leave taken due to illness only. Sick leave is accumulated at the rate of 3.69 hours per pay period. Any employee having more than four hundred eighty (480) hours accumulated sick leave forfeits accumulated pay for any hours over four hundred eighty (480) hours.

An employee involuntarily terminated shall receive no sick leave pay. Employees who voluntarily terminate and have given a two week notice shall be paid a lump sum or fifty percent (50%) of any accumulated sick leave.

If the separation is the result of retirement at or after the age of 59 12 and the employee has five (5) or more years of continuous service prior to retirement, and has voluntarily terminated giving a two week notice, the employee shall be paid one hundred (100%) of his or her accumulated sick leave.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Any employee who is entitled to be away from work by reason of illness, but has no remaining paid sick leave, may use his/her annual leave. If the employee has no remaining sick or annual leave available, he/she may request leave without pay. Approval of leave without pay is solely at the discretion of the Executive Director.

Annual Leave - Annual leave with pay shall be earned by all full time employees at the following rates:

Beginning the first pay date following employment, the employees shall earn 3.08 hours of annual leave time per pay period. The employee shall continue to earn annual leave time at this rate through the end of the fifth year of continuous service.

After five (5) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 4.62 hours of annual leave time per pay period.

After ten (10) full years of continuous employment and beginning on the first pay date of the eleventh year of continuous employment, the employee shall earn 6.15 hours of annual leave time per pay period.

After fifteen (15) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 7.69 hours of annual leave time per pay period.

Employees may accrued annual time up to twenty-five (25) working days (200) hours. Hours accrued in excess of 200 shall not be posted and shall not be paid. An employee involuntarily terminated will not be paid any annual leave time. Employee who voluntarily terminated and have given a two week notice shall be paid in a lump sum for any accumulated annual leave at his or her current rate of pay, up to a maximum of 200 hours. Annual leave time shall be used by an employee for illnesses provided all sick leave has been exhausted.

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

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

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

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

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

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

Fair Value - The Authority follows GASB Statement No. 72, Fair Value Measurement. This Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures are organized by type asset or liability reported at fair value. The implementation has had no material impact on the financial statements of the Authority.

Retirement Plan - The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Hartford Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. The Housing Authority does not provide post-employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

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

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2022

Note 2 - Budget Information

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

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

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$5,155,775 at March 31, 2022, and are maintained in commercial checking accounts and are readily available. Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. The Authority is in compliance with all state and local laws and regulations regarding cash equivalents. Of the total cash on hand the breakdown between unrestricted and restricted is shown below:

Unrestricted Cash	\$ 4,876,911
Restricted Cash:	
Tenant Security Deposits	88,506
Housing Assistance Payments	85,487
FSS Escrow	100,147
Other Restricted	4,724
Total Restricted Cash	<u>278,864</u>
Total Cash	<u>\$ 5,155,775</u>

Note 4 - Accounts Receivable

At March 31, 2022, accounts receivable totaled \$782,961 and consisted of the following:

Accounts Receivable - Tenants	\$ 56,719
Accounts Receivable - Allowance Tenants	-
Accounts Receivable - Fraud	40,104
Accounts Receivable - Fraud Allowance	(20,000)
Accounts Receivable - HUD	566,044
Accounts Receivable - Others	140,094
Total	<u>\$ 782,961</u>

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

The Authority reviews the accounts receivable periodically. In fiscal year 2022, the Authority had collection losses totaling \$10,304.

Accounts receivable inter-fund was offset and eliminated by accounts payable interfund totaling \$0.

Note 5 - Investments

At March 31, 2022, investments totaled \$801,526, which consisted of certificates of deposit and interest at various financial institutions. The Authority's investments are stated at fair value at year-end.

To increase consistency and comparability in fair value measurements, the Authority follows GASB Statement No. 72, Fair Value Measurement, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets that entity has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data
- Level 3 - unobservable inputs, such as internally developed pricing models for the asset due to little or no market activity for the asset.

The following table presents assets measured and recorded at fair value on Authority's Statement of Financial Position as of March 31, 2022.

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of Deposit	\$ 800,000	\$	\$	\$ 800,000
Accrued Interest	1,526			1,526
Total Assets at Fair Value	<u>\$ 801,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,526</u>

Investment return at March 31, 2022 and its classification in the statement of activities are shown below:

Interest and Dividends	\$ 5,292
Total Investment Return	<u>\$ 5,292</u>

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

Note 6 - Prepaid Expenses

Prepaid expenses totaled \$68,096 at March 31, 2022, and consisted of primarily prepaid insurances and other assets.

Note 7 - Material Inventories

Material inventories, net at March 31, 2022 totaled \$83,721, and consist of items used to maintain upkeep of units. Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories is recorded as expenditures when consumed. Total inventory totaled \$84,996, with an allowance of \$1,275.

Note 8 - Capital Assets

The changes in land, structures and equipment for the year ended March 31, 2022, were as follows:

	March 31, 2021	Additions and Transfers in	March 31, 2022
Land	\$ 1,023,922	\$	\$ 1,023,922
Building & Improvements	37,942,590	1,621,264	39,563,854
Furniture and Equipment	1,772,210	16,851	1,789,061
Construction in Progress	-		-
(Less) Accumulated Depr.	(29,094,705)	(810,223)	(29,904,928)
Total Capital Assets	<u>\$ 11,644,017</u>	<u>\$ 827,892</u>	<u>\$ 12,471,909</u>

For fiscal year 2022 depreciation expense was \$810,223 and there was no construction in progress. Capital additions were \$1,637,119, and there were no disposals.

Note 9 - Accounts Payable

Accounts payable totaled \$161,642 at March 31, 2022, which consisted of the following:

Accounts Payable - Vendors	\$ 73,136
Tenant Security Deposits	88,506
Total	<u>\$ 161,642</u>

Total accounts payable inter-fund was offset and eliminated by accounts receivable interfund totaling \$0.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

Note 10 - Accrued Liabilities

Accrued liabilities totaled \$188,524, at March 31, 2022, of which, \$116,622 is current and \$71,862 is non-current, and the breakdown is as follows:

Accrued Wages	\$	49,680
Compensated Abs. - Current		25,866
Other Accrued Payables		41,116
Total Current Accrued Liabilities		<u>116,662</u>
Compensated Abs. - Non-Current		71,862
Total Accrued Liabilities	\$	<u>188,524</u>

The Authority recognizes leave taken as a current year's salary expense during the year in which the leave is taken. Vacation pay is not accrued for and forgiven at the end of each year.

Note 11 - Deferred Revenue

At March 31, 2022 the deferred revenue of \$417,935, and consisted of \$42,920 in prepaid rents and \$375,015 in advance HAP funds.

Note 12 - Family Self Sufficiency Escrow

At March 31, 2022 the Authority had Family and Self Sufficiency (FSS) escrow of \$100,147 of amounts due to tenants.

Note 13 - Employee Benefit Plans

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with MassMutual Financial Group (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. For the fiscal year end March 31, 2022, actual contributions by the Authority were \$14,530 based on \$1,284,895 of wages and salary expense. The Authority made all the required contributions to the Plan.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

The total plan assets at March 31, 2022, were \$29,198, as follows:

<u>Description</u>	<u>Amount</u>
Beginning Balance	\$ 260,955
Contributions	14,530
Withdrawals	(254,851)
Fees and Charges	(590)
Changes in Value	<u>9,154</u>
Ending Balance	<u>\$ 29,198</u>

Note 14 - Operating Lease Commitments

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

The Authority also has certain contingent liabilities resulting from claims and commitments incident to the ordinary course of business. Management expects that final resolution of such contingencies will not materially affect the financial position of the Authority.

Note 15 - Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions contract from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Housing Assistance programs.

Note 16 - Allocation of Cost

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

Note 17 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to March 31, 2022, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended March 31, 2022. Management has performed their analysis through December 9, 2022, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
MARCH 31, 2022

	Low Rent & COCC	Housing Choice Vouchers	ROSS	Blended Component Unit	Eliminations	2022 TOTAL
ASSETS						
Cash and Cash Equivalents (Unrestricted)	\$ 3,933,904	\$ 803,771	\$	\$ 139,236	\$	\$ 4,876,911
Cash and Cash Equivalents (Restricted)	102,094	171,920		4,850		278,864
Accounts Receivable (net allowances)	679,809	99,104		4,048		782,961
Accrued Interest Receivable						-
Investments	801,526					801,526
Prepaid, Deposits and Escrows	59,021	3,605		5,470		68,096
Inventory (net allowances)	83,721					83,721
TOTAL CURRENT ASSETS	<u>5,660,075</u>	<u>1,078,400</u>	<u>-</u>	<u>153,604</u>	<u>-</u>	<u>6,892,079</u>
Capital Assets, Net	11,921,507	48,246		502,156		12,471,909
TOTAL NON-CURRENT ASSETS	<u>11,921,507</u>	<u>48,246</u>	<u>-</u>	<u>502,156</u>	<u>-</u>	<u>12,471,909</u>
TOTAL ASSETS	<u>\$ 17,581,582</u>	<u>\$ 1,126,646</u>	<u>\$ -</u>	<u>\$ 655,760</u>	<u>\$ -</u>	<u>\$ 19,363,988</u>
LIABILITIES AND NET POSITION						
Accounts Payable	\$ 155,233	\$ 1,509	\$	\$ 4,900	\$ -	\$ 161,642
Accrued Liabilities - Current	103,136	13,486				116,622
Deferred Revenue	11,875	406,060				417,935
TOTAL CURRENT LIABILITIES	<u>270,244</u>	<u>421,055</u>	<u>-</u>	<u>4,900</u>	<u>-</u>	<u>696,199</u>
Accrued Liabilities - Non-Current	64,953	6,909				71,862
FSS Escrow Deposits	13,714	86,433				100,147
TOTAL NON-CURRENT LIABILITIES	<u>78,667</u>	<u>93,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,009</u>
TOTAL LIABILITIES	<u>348,911</u>	<u>514,397</u>	<u>-</u>	<u>4,900</u>	<u>-</u>	<u>868,208</u>
Invested in Capital Assets	11,921,507	48,246	-	502,156	-	12,471,909
Unrestricted Net Position	5,311,164	478,516	-	148,704	-	5,938,384
Restricted Net Position		85,487				85,487
TOTAL NET POSITION	<u>17,232,671</u>	<u>612,249</u>	<u>-</u>	<u>650,860</u>	<u>-</u>	<u>18,495,780</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 17,581,582</u>	<u>\$ 1,126,646</u>	<u>\$ -</u>	<u>\$ 655,760</u>	<u>\$ -</u>	<u>\$ 19,363,988</u>

THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2022

	Low Rent & COCC	Housing Choice Vouchers	ROSS	Blended Component Unit	Eliminations	2022 TOTAL
OPERATING REVENUES						
Net Tenant Rental Revenue	\$ 1,388,641	\$	\$	\$ 6,721	\$	\$ 1,395,362
HUD Operating Grants	2,523,315	4,987,211	62,150			7,572,676
Other Income	1,265,311	54,885		56,545	(1,118,552)	258,189
TOTAL OPERATING REVENUES	<u>5,177,267</u>	<u>5,042,096</u>	<u>62,150</u>	<u>63,266</u>	<u>(1,118,552)</u>	<u>9,226,227</u>
OPERATING EXPENSES						
Administrative Expenses	2,020,187	347,040	60,849	13,993	(789,336)	1,652,733
Tenant Services	619					619
Utilities Expense	360,691					360,691
Ordinary Maintenance and Materials	1,901,111	890		16,454	(329,216)	1,589,239
Protective Services	59,670					59,670
Insurance Expense	248,915	8,900	1,301	4,911		264,027
General Expenses	150,870	24,596		8,371		183,837
Housing Assistance Payments		4,529,282				4,529,282
Depreciation Expense	795,031	4,593		10,599		810,223
TOTAL OPERATING EXPENSES	<u>5,537,094</u>	<u>4,915,301</u>	<u>62,150</u>	<u>54,328</u>	<u>(1,118,552)</u>	<u>9,450,321</u>
OPERATING INCOME (LOSS)	<u>(359,827)</u>	<u>126,795</u>	<u>-</u>	<u>8,938</u>	<u>-</u>	<u>(224,094)</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest	5,196	96				5,292
INCOME BEFORE OTHER REVENUES (EXPENSES)	<u>5,196</u>	<u>96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,292</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	1,430,285					1,430,285
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,430,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,285</u>
CHANGE IN NET POSITION	<u>1,075,654</u>	<u>126,891</u>	<u>-</u>	<u>8,938</u>	<u>-</u>	<u>1,211,483</u>
NET POSITION AT BEGINNING OF PERIOD	<u>16,157,017</u>	<u>485,358</u>	<u>-</u>	<u>641,922</u>		<u>17,284,297</u>
NET POSITION AT END OF PERIOD	<u>\$ 17,232,671</u>	<u>\$ 612,249</u>	<u>\$ -</u>	<u>\$ 650,860</u>	<u>\$ -</u>	<u>\$ 18,495,780</u>

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2022

FEDERAL GRANTOR	PROGRAM OR AWARD ALN #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Housing Choice Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	\$ 4,033,159	\$ 4,033,159
Total Major Programs		<u>4,033,159</u>	<u>4,033,159</u>
Non-Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Low Rent Public Housing Program			
Public and Indian Housing Program	14.850	2,087,124	2,534,484
Public Housing Capital Fund Program	14.872	<u>1,801,614</u>	<u>1,801,614</u>
Total Low Rent Housing Programs		3,888,738	4,336,098
Resident Opportunity and Supportive Services	14.870	62,150	62,150
Public Housing CARES ACT	14.PHC	64,862	64,862
HCV CARES ACT	14.HCC	<u>954,052</u>	<u>954,052</u>
Total Non-Major Programs		4,969,802	5,417,162
Total All Programs		<u>\$ 9,002,961</u>	<u>\$ 9,450,321</u>

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2022**

Note 1 - Basis of Presentation

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

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended March 31, 2022. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2022, and should be read in conjunction with the Authority's consolidated financial statements.

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

Note 2 - Sources of Funding

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

Note 3 - Sub-recipients

There were no sub-recipients for the year ended March 31, 2022.

Note 4 - Loans Outstanding

There were no federal loans outstanding for the year ended March 31, 2022.

Note 5 - Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended March 31, 2022.

Note 6 - Insurance

The Authority had no federal insurance for the year ended March 31, 2022.

Housing Authority of the City of Elkhart (IN026)
Elkhart, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$3,788,066		\$139,236	\$803,771			\$145,838	\$4,876,911		\$4,876,911
112 Cash - Restricted - Modernization and Development	\$4,724							\$4,724		\$4,724
113 Cash - Other Restricted	\$13,714			\$171,920				\$185,634		\$185,634
114 Cash - Tenant Security Deposits	\$83,656		\$4,850					\$88,506		\$88,506
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$3,890,160	\$0	\$144,086	\$975,691	\$0	\$0	\$145,838	\$5,155,775	\$0	\$5,155,775
121 Accounts Receivable - PHA Projects				\$5,113				\$5,113		\$5,113
122 Accounts Receivable - HUD Other Projects	\$557,545			\$8,499				\$566,044		\$566,044
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous	\$65,545		\$4,048	\$65,388				\$134,981		\$134,981
126 Accounts Receivable - Tenants	\$56,719							\$56,719		\$56,719
126.1 Allowance for Doubtful Accounts - Tenants	\$0							\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0				\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery				\$40,104				\$40,104		\$40,104
128.1 Allowance for Doubtful Accounts - Fraud				-\$20,000				-\$20,000		-\$20,000
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$679,809	\$0	\$4,048	\$99,104	\$0	\$0	\$0	\$782,961	\$0	\$782,961
131 Investments - Unrestricted	\$300,693						\$500,833	\$801,526		\$801,526
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$33,803		\$5,470	\$3,605			\$25,218	\$68,096		\$68,096
143 Inventories	\$18,611						\$66,385	\$84,996		\$84,996
143.1 Allowance for Obsolete Inventories	-\$279						-\$996	-\$1,275		-\$1,275
144 Inter Program Due From										
145 Assets Held for Sale										
150 Total Current Assets	\$4,922,797	\$0	\$153,604	\$1,078,400	\$0	\$0	\$737,278	\$6,892,079	\$0	\$6,892,079
161 Land	\$783,644		\$140,278				\$100,000	\$1,023,922		\$1,023,922
162 Buildings	\$36,262,978		\$480,697	\$41,596			\$2,778,583	\$39,563,854		\$39,563,854
163 Furniture, Equipment & Machinery - Dwellings	\$74,834							\$74,834		\$74,834
164 Furniture, Equipment & Machinery - Administration	\$548,949			\$86,888			\$1,078,390	\$1,714,227		\$1,714,227
165 Leasehold Improvements										
166 Accumulated Depreciation	-\$26,587,464		-\$118,819	-\$80,238			-\$3,118,407	-\$29,904,928		-\$29,904,928
167 Construction in Progress										
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$11,082,941	\$0	\$502,156	\$48,246	\$0	\$0	\$838,566	\$12,471,909	\$0	\$12,471,909
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets										

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$11,082,941	\$0	\$502,156	\$48,246	\$0	\$0	\$838,566	\$12,471,909	\$0	\$12,471,909
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	\$16,005,738	\$0	\$655,760	\$1,126,646	\$0	\$0	\$1,575,844	\$19,363,988	\$0	\$19,363,988
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$60,534		\$50	\$1,509			\$11,043	\$73,136		\$73,136
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$9,291			\$9,125			\$31,264	\$49,680		\$49,680
322 Accrued Compensated Absences - Current Portion	\$3,945			\$4,361			\$17,560	\$25,866		\$25,866
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government										
341 Tenant Security Deposits	\$83,656		\$4,850					\$88,506		\$88,506
342 Unearned Revenue	\$11,875			\$406,060				\$417,935		\$417,935
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue										
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other	\$34,618						\$6,458	\$41,076		\$41,076
347 Inter Program - Due To										
348 Loan Liability - Current										
310 Total Current Liabilities	\$203,919	\$0	\$4,900	\$421,055	\$0	\$0	\$66,325	\$696,199	\$0	\$696,199
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue										
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other	\$13,714			\$86,433				\$100,147		\$100,147
354 Accrued Compensated Absences - Non Current	\$11,534			\$6,909			\$53,419	\$71,862		\$71,862
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Non-Current Liabilities	\$25,248	\$0	\$0	\$93,342	\$0	\$0	\$53,419	\$172,009	\$0	\$172,009
300 Total Liabilities	\$229,167	\$0	\$4,900	\$514,397	\$0	\$0	\$119,744	\$868,208	\$0	\$868,208
400 Deferred Inflow of Resources										
508.4 Net Investment in Capital Assets	\$11,082,941		\$502,156	\$48,246			\$838,566	\$12,471,909		\$12,471,909
511.4 Restricted Net Position				\$85,487				\$85,487		\$85,487
512.4 Unrestricted Net Position	\$4,693,630	\$0	\$148,704	\$478,516	\$0	\$0	\$617,534	\$5,938,384	\$0	\$5,938,384
513 Total Equity - Net Assets / Position	\$15,776,571	\$0	\$650,860	\$612,249	\$0	\$0	\$1,456,100	\$18,495,780	\$0	\$18,495,780
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$16,005,738	\$0	\$655,760	\$1,126,646	\$0	\$0	\$1,575,844	\$19,363,988	\$0	\$19,363,988

Housing Authority of the City of Elkhart (IN026)
Elkhart, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,287,346		\$6,246					\$1,293,592		\$1,293,592
70400 Tenant Revenue - Other	\$101,295		\$475					\$101,770		\$101,770
70500 Total Tenant Revenue	\$1,388,641	\$0	\$6,721	\$0	\$0	\$0	\$0	\$1,395,362	\$0	\$1,395,362
70600 HUD PHA Operating Grants	\$2,458,453	\$64,862		\$4,033,159	\$62,150	\$954,052		\$7,572,676		\$7,572,676
70610 Capital Grants	\$1,430,285							\$1,430,285		\$1,430,285
70710 Management Fee							\$631,333	\$631,333	-\$631,333	\$0
70720 Asset Management Fee							\$80,640	\$80,640	-\$80,640	\$0
70730 Book Keeping Fee							\$77,363	\$77,363	-\$77,363	\$0
70740 Front Line Service Fee							\$329,216	\$329,216	-\$329,216	\$0
70750 Other Fees										
70700 Total Fee Revenue							\$1,118,552	\$1,118,552	-\$1,118,552	\$0
70800 Other Government Grants										
71100 Investment Income - Unrestricted	\$2,794			\$96			\$2,402	\$5,292		\$5,292
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery				\$402				\$402		\$402
71500 Other Revenue	\$78,250		\$56,545	\$54,483			\$68,509	\$257,787		\$257,787
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
70000 Total Revenue	\$5,358,423	\$64,862	\$63,266	\$4,088,140	\$62,150	\$954,052	\$1,189,463	\$11,780,356	-\$1,118,552	\$10,661,804
91100 Administrative Salaries	\$177,702	\$42,651		\$137,066	\$49,098	\$37,623	\$527,993	\$972,133		\$972,133
91200 Auditing Fees	\$7,975			\$8,560			\$5,017	\$21,552		\$21,552
91300 Management Fee	\$584,083			\$47,250			\$631,333	\$631,333	-\$631,333	\$0
91310 Book-keeping Fee	\$57,676			\$19,687				\$77,363	-\$77,363	\$0
91400 Advertising and Marketing	\$830			\$65			\$3,178	\$4,073		\$4,073
91500 Employee Benefit contributions - Administrative	\$55,216	\$14,377		\$56,608	\$11,472	\$689	\$209,927	\$348,289		\$348,289
91600 Office Expenses	\$21,706		\$63	\$11,188		\$131	\$35,457	\$68,545		\$68,545
91700 Legal Expense	\$42,812						\$509	\$43,321		\$43,321
91800 Travel				\$47			\$167	\$214		\$214
91810 Allocated Overhead										
91900 Other	\$23,295	\$90	\$13,930	\$28,126	\$279		\$128,886	\$194,606		\$194,606
91000 Total Operating - Administrative	\$971,295	\$57,118	\$13,993	\$308,597	\$60,849	\$38,443	\$911,134	\$2,361,429	-\$708,696	\$1,652,733
92000 Asset Management Fee	\$80,640							\$80,640	-\$80,640	\$0
92100 Tenant Services - Salaries										
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$619							\$619		\$619
92500 Total Tenant Services	\$619	\$0	\$0	\$0	\$0	\$0	\$0	\$619	\$0	\$619
93100 Water	\$53,545						\$2,059	\$55,604		\$55,604
93200 Electricity	\$156,477						\$17,523	\$174,000		\$174,000

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
93300 Gas	\$80,622						\$5,905	\$86,527		\$86,527
93400 Fuel										
93500 Labor										
93600 Sewer	\$43,361						\$1,199	\$44,560		\$44,560
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$334,005	\$0	\$0	\$0	\$0	\$0	\$26,686	\$360,691	\$0	\$360,691
94100 Ordinary Maintenance and Operations - Labor	\$73,212	\$346					\$239,204	\$312,762		\$312,762
94200 Ordinary Maintenance and Operations - Materials and Other	\$68,725		\$819	\$815			\$92,398	\$162,757		\$162,757
94300 Ordinary Maintenance and Operations Contracts	\$1,273,038	\$4,945	\$15,635	\$75			\$30,233	\$1,323,926	-\$329,216	\$994,710
94500 Employee Benefit Contributions - Ordinary Maintenance	\$24,355	\$133					\$94,522	\$119,010		\$119,010
94000 Total Maintenance	\$1,439,330	\$5,424	\$16,454	\$890	\$0	\$0	\$456,357	\$1,918,455	-\$329,216	\$1,589,239
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs	\$56,299	\$2,320					\$1,051	\$59,670		\$59,670
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	\$56,299	\$2,320	\$0	\$0	\$0	\$0	\$1,051	\$59,670	\$0	\$59,670
96110 Property Insurance	\$144,754		\$2,844				\$9,240	\$156,838		\$156,838
96120 Liability Insurance	\$37,055		\$992	\$4,496			\$8,921	\$51,464		\$51,464
96130 Workmen's Compensation	\$6,612			\$3,342	\$1,301		\$11,614	\$22,869		\$22,869
96140 All Other Insurance	\$6,912		\$1,075	\$1,062			\$23,807	\$32,856		\$32,856
96100 Total Insurance Premiums	\$195,333	\$0	\$4,911	\$8,900	\$1,301	\$0	\$53,582	\$264,027	\$0	\$264,027
96200 Other General Expenses	\$6			\$7,411				\$7,417		\$7,417
96210 Compensated Absences	\$16,735			\$17,185			\$72,815	\$106,735		\$106,735
96300 Payments in Lieu of Taxes			\$8,371					\$8,371		\$8,371
96400 Bad debt - Tenant Rents	\$10,304							\$10,304		\$10,304
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$27,045	\$0	\$8,371	\$24,596	\$0	\$0	\$72,815	\$132,827	\$0	\$132,827
96710 Interest of Mortgage (or Bonds) Payable										
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,104,566	\$64,862	\$43,729	\$342,983	\$62,150	\$38,443	\$1,521,625	\$5,178,358	-\$1,118,552	\$4,059,806
97000 Excess of Operating Revenue over Operating Expenses	\$2,253,857	\$0	\$19,537	\$3,745,157	\$0	\$915,609	-\$332,162	\$6,601,998	\$0	\$6,601,998
97100 Extraordinary Maintenance	\$43,910							\$43,910		\$43,910
97200 Casualty Losses - Non-capitalized	\$7,100							\$7,100		\$7,100
97300 Housing Assistance Payments				\$3,559,757		\$913,738		\$4,473,495		\$4,473,495
97350 HAP Portability-In				\$55,787				\$55,787		\$55,787
97400 Depreciation Expense	\$698,265		\$10,599	\$4,593			\$96,766	\$810,223		\$810,223
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										

	Project Total	14.PHC Public Housing CARES Act Funding	6.2 Component Unit Blended	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$3,853,841	\$64,862	\$54,328	\$3,963,120	\$62,150	\$952,181	\$1,618,391	\$10,568,873	-\$1,118,552	\$9,450,321
10010 Operating Transfer In	\$281,329							\$281,329	-\$281,329	\$0
10020 Operating transfer Out	-\$281,329							-\$281,329	\$281,329	\$0
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,504,582	\$0	\$8,938	\$125,020	\$0	\$1,871	-\$428,928	\$1,211,483	\$0	\$1,211,483
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$14,271,989	\$0	\$641,922	\$485,358	\$0	\$0	\$1,885,028	\$17,284,297		\$17,284,297
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$1,871		-\$1,871		\$0		\$0
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity				\$526,762				\$526,762		\$526,762
11180 Housing Assistance Payments Equity				\$85,487				\$85,487		\$85,487
11190 Unit Months Available	7992		72	8724				16788		16788
11210 Number of Unit Months Leased	7690		72	7875				15637		15637
11270 Excess Cash	\$4,397,095							\$4,397,095		\$4,397,095
11610 Land Purchases	\$0						\$0	\$0		\$0
11620 Building Purchases	\$1,585,031						\$36,231	\$1,621,262		\$1,621,262
11630 Furniture & Equipment - Dwelling Purchases	\$11,932						\$0	\$11,932		\$11,932
11640 Furniture & Equipment - Administrative Purchases	\$0						\$3,049	\$3,049		\$3,049
11650 Leasehold Improvements Purchases	\$0						\$0	\$0		\$0
11660 Infrastructure Purchases	\$0						\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0	\$0		\$0

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF CAPITAL FUNDS COST - UNCOMPLETED
FOR THE YEAR ENDED MARCH 31, 2022**

EXHIBIT F

ANNUAL CONTRIBUTION CONTRACT PHASES IN36P010501 - 16, 17, 18, 18E, and 19
--

	501-16	501-17	501-18E	501-18	501-19	Total
Funds Approved	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 1,456,287	\$ 4,841,045
Funds Expended	869,951	896,531	226,000	1,392,276	1,456,287	4,841,045
Excess\ (Deficit) of Funds Approved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Funds Advanced	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 664,925	\$ 4,049,683
Funds Expended	869,951	896,531	226,000	1,392,276	1,456,287	4,841,045
Excess\ (Deficit) of Funds Advanced	\$ -	\$ -	\$ -	\$ -	\$ (791,362)	\$ (791,362)

- 1 Capital Fund Program costs for Phases IN36P010 - 501-16, 17, 18, 18E and 19 are shown above.
- 2 Cost additions during the audit period were as follows: IN36P010501 - 16 - \$35,000, 17 - \$280,989, 18 - \$379,495, 18E - \$12,040, 19 - \$784,099, and, accordingly, were audited by Velma Butler & Company, Ltd.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF CAPITAL FUNDS COST - COMPLETED
FOR THE YEAR ENDED MARCH 31, 2022**

EXHIBIT G

No Capital Fund Programs were completed in the fiscal year.

SINGLE AUDIT REPORTS

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 Elkhart
Elkhart, IN 46516

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

We have audited, 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 primary government business type activities and the blended component units of the Housing Authority of the City of Elkhart, Indiana (Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control over Financial Reporting

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

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

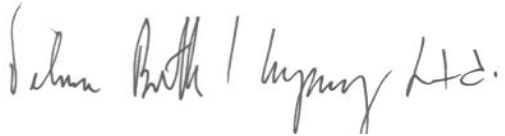
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

December 9, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Housing Authority of the Elkhart, Indiana
Elkhart, IN 46516

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Elkhart (Authority), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended March 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 March 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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.

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

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the Authority as of and for the year ended March 31, 2022, and have issued our report thereon dated December 9, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of

expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

December 9, 2022

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the Elkhart, Indiana
Elkhart, IN 46516

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

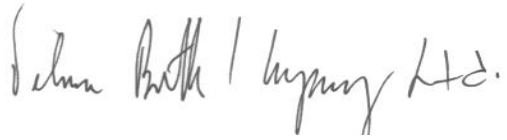
We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the Elkhart, Indiana (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether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

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

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended March 31, 2022, and have issued our report thereon dated December 9, 2022. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated December 9, 2022, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

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

Velma Butler & Company, Ltd.
Chicago, Illinois

December 9, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COST

THE HOUSING AUTHORITY OF ELKHART, INDIANA
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED MARCH 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted?
 Yes None reported

Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Audit Guidance?

Yes No

Identification of major program:

U.S. Department of Housing and Urban Development

ALN Number Name of Federal Program

14.871 Section 8 Housing Choice Voucher Program

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

Auditee qualified as low-risk auditee? Yes No

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED MARCH 31, 2022**

Section II - Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2022.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2022.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED MARCH 31, 2022**

Section IV - Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2021.

Section V - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2021.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2022**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Section 8 Housing Management Assessment Program and did not observe any material instances of noncompliance.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED MARCH 31, 2022**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Public Housing Assessment System Program and did not note any material instances of noncompliance.