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June 14, 2023

Board of Commissioners
Logansport Housing Authority
1805 Smith Street
Logansport, IN 46947

We have reviewed the audit report of Logansport Housing Authority, which was opined upon by Seber Tans, PLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Logansport Housing Authority, as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Seber Tans, PLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts

We call your attention to the finding in the report on page 23. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 25.

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

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2020 and 2019

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

We have audited the accompanying financial statements of the Logansport Housing Authority (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2023 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan

May 4, 2023

Logansport Housing Authority
Logansport, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2020
(Unaudited)

This section of the Logansport Housing Authority, Indiana (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2020, was \$20,625. The net position decreased by \$7, a decrease of less than 1% over the prior year.
- Revenues for the Authority were \$1,060,958 for the year ended December 31, 2020. This was an increase of \$64,626 or 6.5% over the prior year.
- Expenses for the Authority were \$1,061,003 for the year ended December 31, 2020. This was an increase of \$60,717 or 6.1% from the prior year.
- HUD operating grants for the Authority was \$1,060,958 for the year ended December 31, 2020, an increase of \$68,071 or 6.9% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Data*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2018, and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$20,625 at the close of the year ended December 31, 2020, down \$7 from fiscal year 2019. The decrease in net position of \$7 was due to the reasons noted below.

- Current assets include cash, receivables, and prepaid expenses. Of the \$42,965 increase in this category, cash increased \$36,416 receivables increased \$7,485, and prepaid expenses decreased \$936. Increase in cash was primarily due to unspent restricted cash from the CARES Act.
- Capital assets increased \$1,766 because current year capital asset additions exceeded current year capital asset depreciation expense. Change in capital assets is explained in the section titled "Capital Assets" of this analysis.
- Current liabilities increased \$44,748 mainly due to an increase in deferred revenue of \$48,883 for unspent CARES Act funds. The Authority had a total decrease in accrued payroll and accounts payable of \$4,135.
- There was no change in non-current liabilities from the year ended December 31, 2019 to the year ended December 31, 2020.

Logansport Housing Authority
Logansport, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2020
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net position was \$14,847 as of December 31, 2020. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for one month. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

CONDENSED STATEMENTS OF NET POSITION

	FY 2020	FY 2019	Dollar Change	Percent Change
Current assets	\$ 92,270	\$ 49,305	\$ 42,965	87%
Capital assets	5,778	4,002	1,776	44%
Total Assets	<u>98,048</u>	<u>53,307</u>	<u>44,741</u>	84%
Current liabilities	60,444	15,696	44,748	285%
Noncurrent liabilities	16,979	16,979	-	0%
Total Liabilities	<u>77,423</u>	<u>32,675</u>	<u>44,748</u>	137%
Net Position				
Net investment in capital assets	5,778	4,002	1,776	44%
Restricted	-	2,573	(2,572)	-100%
Unrestricted	14,847	14,057	789	6%
Total Net Position	<u>\$ 20,625</u>	<u>\$ 20,632</u>	<u>\$ (7)</u>	0%

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

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

As can be seen in the table on the following page, total revenues increased \$64,478 due to the reasons noted below.

- HUD operating grants increased \$68,071 or 7% due to a increase in funding for housing assistance payments.
- Other income decreased \$3,445 to \$0 in FY 2020 due to no revenue from FSS escrow forfeitures.

Logansport Housing Authority
Logansport, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2020
(Unaudited)

FINANCIAL ANALYSIS (CONTINUED)

- Investment income decreased \$148 from FY 2020.
- Total expenses increased \$60,717 due to the reasons noted below.
- Housing assistance payments increased \$57,553 or 7% as more funds were available.
- Administration decreased \$2,506 or 2% from FY 2019.
- Insurance expense increased \$5,406 or 226% from FY 2019.
- General expense increased \$65 or 1% from FY 2019.
- The Authority had a \$199 or 27% increase in depreciation, which is the write-off of capital assets over their estimated useful life.

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

	FY 2020	FY 2019	Dollar Change	Percent Change
Revenues				
Operating - non-operating:				
HUD PHA operating grants	\$1,060,958	\$ 992,887	\$ 68,071	7%
Other income	-	3,445	(3,445)	-100%
Investment Income	38	186	(148)	-80%
Total Revenues	1,060,996	996,518	64,478	6%
Expenses				
Housing assistance payments	923,276	865,723	57,553	7%
Administration	120,853	123,359	(2,506)	-2%
Insurance expense	7,800	2,394	5,406	226%
General expense	8,142	8,077	65	1%
Depreciation	932	733	199	27%
Total Expenses	1,061,003	1,000,286	60,717	6%
Change in net position	(7)	(3,768)	3,761	-100%
Beginning net position	20,632	24,400	(3,768)	-15%
Ending net position	\$ 20,625	\$ 20,632	\$ (7)	0%

The Authority is authorized to assist 283 households with the Housing Choice Voucher Rental Assistance Program.

**Logansport Housing Authority
 Logansport, Indiana
 Management’s Discussion and Analysis (MD&A)
 December 31, 2020
 (Unaudited)**

CAPITAL ASSET AND DEBT ADMINISTRATION

The Logansport Housing Authority, Indiana’s net investment in capital assets as of December 31, 2020, amounts to \$5,778 (net of accumulated depreciation). The investment in capital assets includes equipment.

The total increase in the Authority’s capital assets for the current fiscal year was 44% in terms of net book value due to purchases of computer equipment. Depreciation charges for the year totaled \$932. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$4,002	\$2,708	\$(932)	\$0	\$5,778

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Authority receives annual budget authority from HUD based on prior year leasing and HAP utilization. In addition to annual budget authority, the Authority also has \$48,883 of CARES Act funding available for housing assistance payments. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2021.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Executive Director, Logansport Housing Authority, 1807 Smith Street, Logansport, Indiana 46947.

Logansport Housing Authority
Logansport, Indiana
Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 18,429	\$ 27,025
Restricted cash	64,564	19,552
Accounts receivable	9,277	1,792
Prepaid expenses	-	936
Total Current Assets	<u>92,270</u>	<u>49,305</u>
Property and Equipment		
Furniture and equipment	33,994	31,286
Accumulated depreciation	<u>(28,216)</u>	<u>(27,284)</u>
Net property and equipment	<u>5,778</u>	<u>4,002</u>
Total Assets	<u>\$ 98,048</u>	<u>\$ 53,307</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 2,671	\$ 5,371
Accrued payroll liabilities	8,890	10,325
Deferred revenue	48,883	-
Total Current Liabilities	<u>60,444</u>	<u>15,696</u>
Long-term Liabilities		
Trust and deposit liabilities	<u>16,979</u>	<u>16,979</u>
Total Long-term Liabilities	<u>16,979</u>	<u>16,979</u>
Net Position		
Net investment in capital assets	5,778	4,002
Restricted net position	-	2,572
Unrestricted net position	14,847	14,058
Total Net Position	<u>20,625</u>	<u>20,632</u>
Total Liabilities and Net Position	<u>\$ 98,048</u>	<u>\$ 53,307</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Logansport Housing Authority
Logansport, Indiana
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
HUD grants - operating	\$ 1,060,958	\$ 992,887
Other revenue	-	3,445
Total Revenue	<u>1,060,958</u>	<u>996,332</u>
Operating Expenses		
Housing assistance payments	923,276	865,723
Administration	120,853	123,359
Insurance expense	7,800	2,394
General expense	8,142	8,077
Depreciation	932	733
Total Expenses	<u>1,061,003</u>	<u>1,000,286</u>
Operating Loss	(45)	(3,954)
Non-operating Income		
Interest income	<u>38</u>	<u>186</u>
Change in Net Position	(7)	(3,768)
Net Position at Beginning of Year	<u>20,632</u>	<u>24,400</u>
Net Position at End of Year	<u>\$ 20,625</u>	<u>\$ 20,632</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Logansport Housing Authority
Logansport, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from:		
Operating grants	\$ 1,102,356	\$ 994,237
Other	38	3,631
Total cash received	<u>1,102,394</u>	<u>997,868</u>
Cash paid for:		
Housing assistance payments	(923,276)	(865,723)
Administrative expenses	(125,974)	(125,026)
Insurance expense	(7,800)	(2,394)
General expense	(6,220)	(7,091)
Total cash paid	<u>(1,063,270)</u>	<u>(1,000,234)</u>
Net Cash Provided by (Used in) Operating Activities	<u>39,124</u>	<u>(2,366)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(2,708)</u>	<u>-</u>
Net Change in Cash	36,416	(2,366)
Cash at Beginning of Year	<u>46,577</u>	<u>48,943</u>
Cash at End of Year	<u>\$ 82,993</u>	<u>\$ 46,577</u>
Reported on the Statement of Net Position:		
Cash	18,429	27,025
Restricted cash	64,564	19,552
	<u>\$ 82,993</u>	<u>\$ 46,577</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Logansport Housing Authority
Logansport, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Position	\$ (7)	\$ (3,768)
Adjustments to reconcile change in net position to cash provided by (used in) operating activities:		
Depreciation	932	733
Change in:		
Accounts receivable	(7,485)	1,350
Prepaid expenses	936	935
Accounts payable	(2,700)	(690)
Other liabilities	(1,435)	(926)
Unearned revenue	48,883	-
	<u>48,883</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 39,124</u>	<u>\$ (2,366)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Logansport Housing Authority
Logansport, Indiana
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies

Description of Authority

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

The Authority has entered into a Housing Choice Voucher program with HUD. The Authority contracts with private landlords and subsidizes the rent for dwelling units. Payments are made to the landlord on behalf of the tenant for the difference between the contract rent amount and the amount that the tenant is required to pay under HUD established guidelines that consider factors such as family composition and income.

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Logansport and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent seven-member Board of Commissioners, appointed by the Mayor, 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; 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.

Management has concluded that the Logansport Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these financial statements. The Housing Authority has no component units.

Basis of Accounting and Measurement Focus

The financial statements of the Authority are organized as an enterprise fund and have been prepared on the accrual basis of accounting, under which revenues are recorded when they are earned and expenses are recorded when the corresponding liabilities are incurred.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash is defined as deposits in checking, savings, and money market accounts, and investments with an initial maturity of less than three months.

Logansport Housing Authority
Logansport, Indiana
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies (Continued)

Capital Assets

It is the Authority's policy to capitalize property and equipment with a cost greater than \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

Deferred Inflow of resources

The statement of net position may include a separate section for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. As of December 31, 2020, the Authority had unearned revenues totaling \$48,883 related to CARES Act funding that had been received and will be recognized in future periods. As of December 31, 2019, there were no unearned revenues that will be recognized in future periods.

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation balances. The liability has been calculated using the vesting method, in which leave amounts for employees who are currently eligible to receive termination payments. All regular full-time employees are allowed to begin accruing paid time off (PTO) after 90 days of employment. The amount of PTO days earned per year varies by years of employment and any PTO accrued but not used will be paid out upon termination.

Net Position

Equity is classified as net position and maybe displayed in the following components as follows:

- 1) Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings (net of unspent related debt proceeds, if any) attributable to the acquisition, construction or improvements of those assets.
- 2) Restricted - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributor, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted - the amount of net position that is not included in the net investment in capital assets or restricted components.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted funds are available.

Budgets

The Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted for approval.

Logansport Housing Authority
Logansport, Indiana
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require the Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – Deposits

State statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

The Authority's cash is subject to the following type of risk:

Custodial credit risk of bank deposits

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits. Bank deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of December 31, 2019, all of the Authority's bank balances of were fully insured.

Restricted Cash

Restricted cash consisted of the following at December 31:

	2020	2019
Restricted for housing assistance	\$ 47,585	\$ 2,573
Restricted for family self-sufficiency program	16,979	16,979
Total Restricted Cash	\$ 64,564	\$ 19,552

NOTE C – Defined Contribution Plan

In lieu of paying social security taxes the Authority makes contributions to a 457 deferred compensation plan. The Authority contributes 7.5% of employee earnings into the plan. The Authority made contributions totaling \$3,214 and \$5,355 during the years ended December 31, 2020 and 2019, respectively.

NOTE D – Administrative Fee

The Authority receives an Administrative Fee as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is calculated by HUD on an annual basis.

Logansport Housing Authority
Logansport, Indiana
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE E – Capital Assets

Capital asset activity was as follows during the years ended December 31:

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2020</u>
Equipment and furniture	\$ 31,286	\$ 2,708	\$ ---	\$ 33,994
Accumulated depreciation	<u>(27,284)</u>	<u>(932)</u>	<u>---</u>	<u>(28,216)</u>
Net capital assets total - net of accumulated depreciation	<u>\$ 4,002</u>	<u>\$ 1,776</u>	<u>\$ ---</u>	<u>\$ 5,778</u>
	<u>January 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2019</u>
Equipment and furniture	\$ 31,286	\$ ---	\$ ---	\$ 31,286
Accumulated depreciation	<u>(26,551)</u>	<u>(733)</u>	<u>---</u>	<u>(27,284)</u>
Net capital assets total - net of accumulated depreciation	<u>\$ 4,735</u>	<u>\$ (733)</u>	<u>\$ ---</u>	<u>\$ 4,002</u>

NOTE F – Leases

The Authority leases its office space from a local non-profit organization under terms of an operating lease expiring June 30, 2023. The agreement requires minimum monthly lease payments of \$1,100. Rent expense under this lease agreement totaled \$12,100 and \$13,200 during the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments for the years ended December 31 are as follows:

2021	13,200
2022	13,200
2023	6,600
	<u>\$ 33,000</u>

NOTE G – Concentrations

The Authority received 100% of its revenue from the Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Logansport Housing Authority
Logansport, Indiana
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE H – Contingencies

Grant Programs

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020 may be impaired. In the opinion of the Authority's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE I – Risk Management

The Authority carries commercial insurance to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

For insured programs, there has been no significant reduction in insurance coverage. Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years.

COVID-19

A novel strain of coronavirus surfaced in Wuhan, China and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which mandated a 120-day moratorium on eviction filings and late fees. In early September 2020, the Center for Disease Control and Prevention and the Department of Health and Human Services issued an order to temporarily halt residential evictions that was extended till June 30th, 2021 to prevent the further spread of COVID-19. While the effects of the coronavirus are expected to be temporary, the operations and financial results of the Authority could continue to be materially adversely affected. The extent to which the coronavirus may impact business activity will depend on future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the virus or treat its impact, among others.

Under the CARES Act, the Authority was awarded additional federal funding totaling \$64,698 to be used for the Authority's Section 8 Housing Choice Voucher program. During the year ended December 31, 2020, the Authority had spent \$15,815 of the CARES Act funding. These funds have been recognized as revenues on the statements of revenues, expenses, and changes in net position. As of December 31, 2020, the remaining unspent balance of \$48,883 is recorded as deferred revenue on the statements of net position.

NOTE J – Subsequent Events

Management has evaluated subsequent events through May 4, 2023, the date on which the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Logansport Housing Authority (the Authority), which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan

May 4, 2023

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

Report on Compliance for Each Major Federal Program

We have audited Logansport Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. 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.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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 December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
May 4, 2023

**Logansport Housing Authority
 Logansport, Indiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2020**

<u>Federal Grantor/Pass-through Grantor/Program Title/CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:	
Section 8 Housing Choice Vouchers, 14.871	
Section 8 Housing Choice Vouchers	\$ 1,044,256
Section 8 Housing Choice Vouchers, CARES Act Funding (14.HCC)	<u>15,815</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 1,060,071</u>

Logansport Housing Authority
Logansport, Indiana
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE A – Basis of Accounting

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Logansport Housing Authority. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The reporting entity is defined in Note A to the Authority's financial statements. All federal financial assistance received directly and indirectly is required to be included in the schedule.

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Revenue and expenses are presented on the accrual basis of accounting with the exception of depreciation and property and equipment. For purposes of the Schedule, depreciation expense is not recorded and the cost of property and equipment additions are included as an expenditure.

During the year ended December 31, 2020, the Authority made no payments to sub-recipients.

NOTE B – Reconciliation to Financial Statements

Total expenses as reported on the Statement of Revenue, Expenses and Changes in Net Position	\$ 1,061,003
Depreciation expense	<u>(932)</u>
Total Expenditures of Federal Awards	<u><u>\$ 1,060,071</u></u>

**Logansport Housing Authority
Logansport, Indiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No (None reported)

Significant deficiency identified that is not considered to be a material weakness? No

Noncompliance material to financial statements noted? No (None Reported)

Federal Awards

Internal control over major programs:

Material weakness identified? Yes

Significant deficiency identified that is not considered to be a material weakness? No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes

Major programs:

CFDA Number

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? No

Section II. Financial Statement Audit Findings

None

**Logansport Housing Authority
Logansport, Indiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020**

SECTION III FEDERAL PROGRAM AUDIT FINDINGS—

2020-001 –Noncompliance with Program Reporting Requirements

Condition and Criteria:

The Authority's submission of the 2020 single audit reporting package was formally due to the Federal Audit Clearinghouse by September 30, 2021 but was not submitted by the due date.

Under the Uniform Grant Guidance, Section 200.512, *Report Submission*, the audit must be completed and the data collection form must be submitted within the earlier of 30 calendar days of the auditor's report or nine months after end of the audit period.

Questioned Costs:

None noted.

Cause:

The audit of the Authority's financial statements as of December 31, 2020 was not completed until February 2023 due to delayed responses to the auditor's information requests and inquiries.

Effect:

The Federal reporting package was not received timely by the Federal Audit Clearinghouse which could impact granting agencies.

Recommendation:

We recommend that the Authority continue its efforts in improving controls over financial reporting to ensure timely filing of the single audit reporting package with the Federal Audit Clearinghouse.

Management Response:

The Authority will establish and implement policies and procedures to monitor and ensure that management and staff timely respond to all audit requests.

**Logansport Housing Authority
 Logansport, Indiana
 Summary Schedule of Prior Audit Findings
 For the Year Ended December 31, 2020**

Section II. Prior Audit Finding (Related to Financial Statements)	Current Status
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None	NA
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Section III. Prior Audit Finding (Relative to Federal Awards)	Current Status
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The Authority's submission of the 2019 single audit reporting package was not timely submitted to the Federal Audit Clearinghouse.	See 2020-01
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LOGANSPORT HOUSING AUTHORITY 1807 Smith Street, Logansport, IN 46947

LOGANSPORT HOUSING AUTHORITY

CORRECTIVE ACTION PLAN

YEAR ENDED DECEMBER 31, 2020

Logansport Housing Authority respectfully submits the following corrective action plan for the year ended December 31, 2020.

Auditor: Seber Tans, PLC

555 W. Crosstown Pkwy, STE 304

Kalamazoo, MI 49008

Audit Period: Year ended December 31, 2020

District Contact Person: Molly McBride, Executive Director

The findings from the December 31, 2020, schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding – Federal Award Findings and Questioned Costs

Finding 2020-01 – Significant Deficiency

Recommendation: The Authority should continue its efforts in improving controls over financial reporting to ensure timely filing of the single audit reporting package with the Federal Audit Clearinghouse.

Action to be Taken: Management concurs with the facts of this finding, and we are in the process of developing and implementing a plan to provide more timely responses to inquiries and request of supporting evidence from our auditors