

FERNDALE HOUSING COMMISSION
FERNDALE, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
AND
REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL

FERNDALE HOUSING COMMISSION
FERNDALE, MICHIGAN

TABLE OF CONTENTS

DECEMBER 31, 2020

Section I – Auditor’s Report and Management’s Discussion and Analysis

Independent Auditor’s Report	1-2
Management’s Discussion and Analysis (unaudited)	

Section II – Financial Statements and Notes to Financial Statements

Basic Financial Statements

Statement of Net Position	1-2
Statement of Revenue, Expenses and Changes in Net Position	3
Statement of Cash Flows	4-5
Notes to Basic Financial Statements	6-17

Supplemental Information

Schedule of Expenditures of Federal Awards and Notes to the Schedule of Federal Awards	18-19
Financial Data Schedule – HUD Prescribed Format	Exhibit A

Section III – Reports on Compliance and on Internal Control

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 <i>Government Audit Standards</i>	1-2
Independent Auditor’s Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance Required by <i>Uniform Guidance</i>	3-5
Significant Deficiencies Communicated in Prior Years	6
Schedule of Findings and Questioned Costs	
Section I – Summary of Auditor Results	7
Section II – Financial Statement Findings	8
Section III – Federal Award Findings	8

Section I

AUDITOR'S REPORT
AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

Barrale Renshaw CPAs and Advisors LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Ferndale Housing Commission
Ferndale, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Ferndale Housing Commission, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Ferndale Housing Commission'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 auditor's 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 Ferndale Housing Commission'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 Ferndale Housing Commission'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.

Opinions

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

Barrale Renshaw CPAs and Advisors LLC

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ferndale Housing Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the remaining accompanying supplementary information including the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above-described supplementary 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 our report dated March 22, 2022 on our consideration of the Ferndale Housing Commission'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 Ferndale Housing Commission's internal control over financial reporting and compliance.

Barrale Renshaw CPAs and Advisors

Barrale Renshaw CPAs and Advisors LLC
March 22, 2022

This section of the Ferndale Housing Commission (Commission) annual financial report presents our management's discussion and analysis of the Commission'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 Commission 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 measurements, 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 Commission's total net position as of December 31, 2020, were \$4,533,443. The net position increased by \$359,751, an increase of 8.6% from the prior year.

Revenues and contributions for the Commission were \$7,972,881 for the year ended December 31, 2020. This represents a 13.6% increase from the prior year.

Expenses for the Commission were \$7,629,912 for the year ended December 31, 2020. This represents a 6.6% increase from 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)-(HUD) Prescribed format as referenced in the section of Supplemental Information. The Commission's financial statements are presented as fund level financial statements because the Commission only has proprietary funds.

Required Financial Statements

The financial statements of the Housing Commission report information of the Commission 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 included all the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provided the basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission 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) – HUD Prescribed Format as referenced in the section of Supplemental Information; HUD has established Uniform Financial Reporting Standards that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2020, 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 \$4,533,443 at the close of the year ended December 31, 2020, up from \$4,173,692.

The unrestricted net position was \$1,660,311 as of December 31, 2020. This amount may be used to meet the Commission's ongoing obligations. The Commission had \$161,092 in net position classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Commission is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Condensed Statements of Net Position, December 31, 2020, to Prior Year

	2020	2019	Dollar Change	Percent Change
Current & Other Assets	\$ 2,583,900	\$ 1,744,709	\$ 839,191	48.1%
Capital Assets	\$ 2,716,420	\$ 2,959,046	\$ (242,626)	-8.2%
Deferred outflow of revenue	\$ 53,183	\$ 37,848	\$ 15,335	40.5%
TOTAL ASSETS	\$ 5,353,503	\$ 4,741,603	\$ 611,900	12.9%

Current Liabilities	\$ 375,091	\$ 165,156	\$ 209,935	127.1%
Noncurrent Liabilities	\$ 444,969	\$ 402,755	\$ 42,214	10.5%
TOTAL LIABILITIES	\$ 820,060	\$ 567,911	\$ 252,149	44.4%
Net Position				
Net investment in capital assets	\$ 2,712,040	\$ 2,959,046	\$ (247,006)	-8.3%
Restricted HAP	\$ 161,092	\$ 93,152	\$ 67,940	72.9%
Unrestricted	\$ 1,660,311	\$ 1,121,494	\$ 538,817	48.0%
TOTAL NET POSITION	\$ 4,533,443	\$ 4,173,692	\$ 359,751	8.6%

The largest portion of the Commission's net position reflects its investment in capital assets (e.g. land, buildings, and equipment) less accumulated depreciation. The Commission uses these capital assets to provide service and consequently these 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 and contributions increased by \$952,792. HUD revenues will often vary from year to year since it is dependent on the federal budget (operating subsidy) and availability and/or use grant revenues.

Condensed Statements of Revenues, Expenses, & Changes in Net Position December 31, 2020, to Prior Year

	2020	2019	Dollar Change	Percent Change
Revenues and Contributions				
Rental Revenue	\$ 438,829	\$ 432,140	\$ 6,689	1.5%
HUD Operating Grants	\$ 7,120,388	\$ 6,065,332	\$ 1,055,056	17.4%
Other Grants	\$ 52,824	\$ -	\$ 52,824	
Capital Contributions	\$ 331,500	\$ 298,364	\$ 33,136	11.1%
Interest Income	\$ 2,514	\$ 3,582	\$ (1,068)	-29.8%
Other Revenues	\$ 26,826	\$ 220,671	\$ (193,845)	-87.8%
TOTAL REVENUES	\$ 7,972,881	\$ 7,020,089	\$ 952,792	13.6%
Expenses				
Services	\$ 597,832	\$ 554,440	\$ 43,392	7.8%
Utilities	\$ 192,258	\$ 219,181	\$ (26,923)	-12.3%
Operations & Maintenance	\$ 565,285	\$ 455,271	\$ 110,014	24.2%
Non-routine Maintenance	\$ -	\$ 212,927	\$ (212,927)	
Insurance	\$ 58,624	\$ 52,816	\$ 5,808	11.0%
Payment in Lieu of Taxes	\$ 21,956	\$ 20,415	\$ 1,541	7.5%
Other Supplies & Expenses	\$ 349,716	\$ 271,979	\$ 77,737	28.6%

Housing Assistance Payments	\$ 5,601,615	\$ 5,120,075	\$ 481,540	9.4%
Depreciation	\$ 242,626	\$ 247,337	\$ (4,711)	-1.9%
TOTAL EXPENSES	\$ 7,629,912	\$ 7,154,441	\$ 475,471	6.6%
Change in Net Position	\$ 342,969	\$ (134,352)	\$ 477,321	355.3%
Beginning Net Position	\$ 4,173,692	\$ 4,343,721	\$ (170,029)	-3.9%
Prior Period Adjustments	\$ 16,782	\$ (35,677)	\$ 52,459	147.0%
Beginning Net Position, adjusted	\$ 4,190,474	\$ 4,308,044	\$ (117,570)	-2.7%
Ending Net Position	\$ 4,533,443	\$ 4,173,692	\$ 359,751	8.6%

Total expenses for the Commission increased by \$475,471 primarily due to increases in housing assistance payments and non-routine maintenance. Increases and decreases are part of the normal operation of the housing authority.

Total net capital assets totaled \$2,716,420, down by 8.2% from the previous year.

ECONOMIC FACTORS AND FORECAST

The Housing Commission is primarily dependent upon HUD for the funding of operations: therefore, the Housing Commission is affected more by the Federal budget than by local economic conditions. The funding of programs could be significantly affected by the next year's Federal budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Commission'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 info@ferndalehousing.com or Ms. Heather Van Poucker, Executive Director, Ferndale Housing Commission, 415 Withington Street, Ferndale, Michigan 48220. (248) 547-9500.

Section II

**FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

FERNDALE HOUSING COMMISSION
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$	1,889,746
Investments		230,748
Receivable - net of allowances:		
Accounts		12,066
Prepaid expenses		17,534
Restricted assets:		
Cash and cash equivalents		<u>433,806</u>
Total Current Assets		<u>2,583,900</u>

Noncurrent Assets:

Capital assets:

Land, improvements, and construction in progress		2,422,897
Other capital assets, net of depreciation		<u>293,523</u>
Total capital assets- net		<u>2,716,420</u>

Total Noncurrent Assets		<u>2,716,420</u>
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Deferred outflow of resources		<u>53,183</u>
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Total Assets	\$	<u><u>5,353,503</u></u>
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See Notes to Financial Statements

FERNDALE HOUSING COMMISSION
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

LIABILITIES

Current Liabilities:

Accounts Payable	\$	65,769
Accrued salaries, wages and benefits		12,096
Accrued compensated absences		20,075
Tenant security deposit liability		46,519
Unearned revenues		230,632
		230,632

Total Current Liabilities		375,091
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Noncurrent Liabilities:

Accrued Pension and OPEB liability		444,969
		444,969

Total Noncurrent Liabilities		444,969
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Total Liabilities		820,060
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NET POSITION

Net investment in capital assets		2,712,040
Restricted for:		
HAP		161,092
Unrestricted		1,660,311
		1,660,311

Total Net Position		4,533,443
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Total Liabilities and Net Assets	\$	5,353,503
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See Notes to Financial Statements

FERNDALE HOUSING COMMISSION
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2020

Operating Revenues:	
Rental revenue	\$ 438,829
Operating subsidies- HUD grants	7,120,388
Operating subsidies- other grants	52,824
Other revenues	<u>26,826</u>
 Total operating revenues	 <u>7,638,867</u>
 Operating Expenses:	
Personal services	597,832
Utilities	192,258
Operations and maintenance	565,285
Insurance	58,624
Payment in lieu of taxes	21,956
Other supplies and expenses	349,716
Housing assistance payments	5,601,615
Depreciation	<u>242,626</u>
 Total operating expenses	 <u>7,629,912</u>
 Operating income (loss)	 <u>8,955</u>
 Non-operating revenues (expenses):	
Interest and investment earnings	<u>2,514</u>
 Net non-operating revenues (expenses)	 <u>2,514</u>
 Income (loss) before other revenues, expenses, gains, losses and transfers	 11,469
 Capital contributions	 <u>331,500</u>
 Change in net position	 342,969
Net position at beginning of year	4,173,692
Prior period error corrections	<u>16,782</u>
 Net position at beginning of year - adjusted	 <u>4,190,474</u>
 Net position at ending of year	 \$ <u><u>4,533,443</u></u>

See Notes to Financial Statements

FERNDALE HOUSING COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Cash received from tenants	\$ 426,809
Cash received from HUD grants- operating	7,335,685
Cash received from other grants	52,824
Cash received from other operating activities	26,826
Cash payments for goods and services	(6,678,170)
Cash payments to employees-salaries	(510,716)
Cash payments to employees-compensated absences	(29,442)
Cash payments for employee benefit contributions	(127,807)
Cash (payments) receipts for in lieu of property taxes	<u>(20,416)</u>
Net cash provided (used) by operating activities	<u>475,593</u>
Cash flows from capital and related financing activities:	
Capital contributions	<u>331,500</u>
Net cash (used) for capital and related financing activities	<u>331,500</u>
Cash flows from investing activities:	
Proceeds from sale of (payments) for investments	(99,748)
Interest and dividends	2,514
Receipts (payments) from tenant security deposits	<u>1,024</u>
Net cash provided (used) from investing activities	<u>(96,210)</u>
Net increase (decrease) in cash and cash equivalents	710,883
Cash and cash equivalent at beginning of year	1,595,887
Adjustments to beginning cash - error correction	<u>16,782</u>
Cash and Cash equivalents at beginning of year - adjusted	<u>1,612,669</u>
Cash and cash equivalents at end of year	<u>\$ 2,323,552</u>
Cash and cash equivalents	\$ 1,889,746
Restricted cash and cash equivalents	<u>433,806</u>
Total cash and cash equivalents at end of year	<u>\$ 2,323,552</u>

See Notes to Financial Statements

FERNDALE HOUSING COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Noncash Investing, Capital and Financing Activities:

Acquisition of capital assets on account	\$ <u>2,323,552</u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 8,955
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	242,626
Receivables	(27,355)
Prepaid expenses	242
Accounts and other payables	4,750
Unearned revenues	230,632
Compensated absences	(29,442)
Accrued expenses	<u>45,185</u>
Net cash provided (used) by operating activities	\$ <u>475,593</u>

See Notes to Financial Statements

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – Summary of Significant Accounting Policies

The Ferndale Housing Commission (Authority) is a Special Purpose Government entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Authority complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Ia. Financial Reporting Entity

The Housing Authority’s financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Housing Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and GASB No. 61, “The Financial Reporting Entity,” and includes all component units, if any, of which the Housing Authority appointed a voting majority of the units’ board; the Housing Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting these criteria.

Ib. GASB Implementation

The Housing Authority has implemented the Governmental Accounting Standards Board (GASB) Statements number 62, 63 and 65 for those audits with financial statements for periods beginning after December 15, 2011.

Governmental Accounting Standards Board (GASB) Statements 68 was implemented effective for fiscal years beginning June 15, 2014 and thereafter.

The Housing Authority has no deferred outflows of resources or deferred inflows of resources.

Ic. Basis of Presentation

Financial statements of the reporting entity’s programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, net position, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority’s programs as an enterprise fund.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

Following is a description of the Authority's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
CARES Act Funding	Accounts for the activity of the Coronavirus Aid, Relief, and Economic Security Act, which provides unprecedented stimulus to the American economy and support distressed businesses and individuals in the wake of the COVID-19 pandemic.

Id. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the financial statements, the “economic resources” measurement focus is used as follows:

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

Basis of Accounting

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

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

Ic. Assets, Liabilities, and Equity

Cash and Investments

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

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

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms, if any, are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Budgets and Budgetary Accounting

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

Estimates and Assumptions

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40	years
Furniture, equipment and machinery - dwelling	5 - 7	years
Furniture, equipment and machinery - administration	3 - 7	years
Leasehold improvements	5 - 15	years

Restricted Assets

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Housing Choice Vouchers and Low Rent which are HUD programs.

Use of Assets

When both restricted, if any, and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted as they are needed.

Compensated Absences

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no related debt.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

If. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual programs, if any, have been eliminated.

NOTE 2 - Stewardship, Compliance, and Accountability

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

2a. Program Accounting Requirements

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

Program	Required By
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
CARES Act Funding	U.S. Department of Housing and Urban Development

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

2c. Revenue Restrictions

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

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization

For the year ended December 31, 2020, the Authority complied, in all material respects, with these revenue restrictions.

NOTE 3 - Detail Notes on Transaction Classes/Accounts

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

3a. Cash and Investments

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of December 31, 2020, the Authority's bank balances of \$2,467,768, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

Investments

Custodial Credit Risk - Investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2020, the Authority's investments were \$133,261. These investments were insured by federal depository insurance or registered, or securities held by the Authority or its agent in the Authority's name.

Credit Risk Investments, Concentrations of Credit Risk and Interest Rate Risk - Investments:

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority will minimize credit risk by reviewing the financial institutions with which the Authority will do business so that potential losses on individual securities will be minimized.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Authority will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements and investing operating funds primarily in shorter term securities.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority does not have a written investment policy covering concentration of credit risk.

3b. Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents as of December 31, 2020, are as follows:

<u>Type of Restricted Cash & Cash Equiv.</u>	<u>Cash Including Time Deposits</u>		<u>Investments</u>	<u>Total</u>
Tenant Security Deposits	\$	42,217	\$ -	\$ 42,217
HAP		160,957	-	160,957
Other Restricted		230,632	-	230,632
	\$	433,806	\$ -	\$ 433,806

3c. Accounts Receivable

Receivables detail at December 31, 2020, is as follows:

Tenant accounts receivable	\$	12,066
Allowance for doubtful accts		-
Tenants accounts receivable - net	\$	12,066

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

3d. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	(Deductions)	Transfers in (out)	Balance 12/31/2020
<i>Non Depreciated Assets</i>					
Land	\$ 823,793	\$ -	\$ -	\$ -	\$ 823,793
<i>Depreciated Assets</i>					
Building	5,684,153	-	-	-	5,684,153
Furniture, equip and machinery- dwelling	-	-	-	-	-
Furniture, equip and machinery- admin	171,988	-	-	-	171,988
Leasehold improvements	1,599,104	-	-	-	1,599,104
Construction in progress	-	-	-	-	-
	8,279,038	\$ -	\$ -	\$ -	8,279,038
Accumulated depreciation	(5,319,992)	\$ (242,626)	\$ -	\$ -	(5,562,618)
Total	\$ 2,959,046			\$	2,716,420

For assets that are depreciated refer to Note 1e - Capital Assets

3e. Accounts Payable

Payable detail at December 31, 2020, is as follows:

Accounts Payable - vendors	\$ 43,814
Accounts Payable - Other, Pilot	<u>21,955</u>
	<u>\$ 65,769</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at December 31, 2020 is \$20,075.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

3g. Non-current Liabilities

As of December 31, 2020, the non-current liabilities are comprised of the following:

Accrued compensated absences - noncurrent portion	\$	0
Accrued Pension and OPEB Liability		444,969
Total	\$	444,969

The following is a summary of changes in non-current liabilities for the year ended December 31, 2020:

		<u>Balance Begin of Year</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance End of Year</u>		<u>Amounts Due within One Year</u>
Accrued compensated absences	\$	----	\$	----	\$	----	\$	----	\$	20,075
Accrued Pension and OPEB		402,755		42,214		----		444,969		----
Total	\$	402,755	\$	42,214	\$	----	\$	444,969	\$	20,075

3h. Interprogram Transactions

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

NOTE 4 - Other Notes

4a. Employee Retirement Plan

The Ferndale Housing Commission provides pension benefits to all its eligible full time employees through a defined contribution plan administered by Municipal Employees Retirement System (MERS) of Michigan. A defined contribution plan depends solely on amounts contributed to the plan plus investment earnings. The Plan was established, is authorized and may be amended by the Commission's Board of Commissioners. The plan requires the Ferndale Housing Commission to contribute 11.5 percent of covered payroll and the employees to contribute 2 percent of covered payroll. The Housing Commission's contribution for each employee is fully vested after ten years of continuous service. Commission contributions forfeited by employees are used to pay administrative costs of the plan. The Commission accounts for pension costs as incurred.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

For the year ended December 31, 2020, the following amounts related to the defined contribution plan:

Authority total payroll	\$ 494,734
Payroll for covered employees	\$ 326,868
Employer (Authority) contributions made	\$ 36,120
Employee contributions made	\$ 6,405

The Authority offers no other post-employment benefits.

At 12/31/2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employee entitled to but not yet receiving benefits	3
Active employees	<u>6</u>
	10

Total Pension Liability as of 12/31/2019 measurement date	\$ 1,175,377
Total Pension Liability as of 12/31/2020 measurement date	\$ 1,309,244
Service Cost for the year ending on the 12/31/2020 measurement date	\$ 15,003

Change in the Total Pension Liability due to :

- Benefit changes ¹ :	\$ -0-
- Differences between expected and actual experience ² :	\$ (8,135)
- Changes in assumptions ² :	\$ 55,025

¹ A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.

² Change in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.

Average expected remaining service lives of all employees (active and inactive)	6
---	---

Covered employee payroll:	\$ 326,868
---------------------------	------------

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease <u>(6.60%)</u>	Current Discount <u>Rate (7.6%)</u>	1% Increase <u>(8.60%)</u>
Change in Net Pension Liability as of 12/31/2020	\$157,516	-	\$(133,092)

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

4b. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Authority manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Stevenson Company.
b. Injuries to employees (workers' compensation)	Purchased insurance with Accident Fund: Claims are administered by Accident Fund.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.
d. Health and life	Purchased health insurance with Blue Cross Blue Shield; Life insurance is provided by Standard Insurance Company.

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

4c. Economic Dependency

The Authority receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

4d. Financial Data Schedule

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

4e. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about the conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through December 31, 2020 and concluded that no subsequent events have occurred that would require adjustment to or disclosure within these financial statements.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

4f. Commitments and Contingencies

Commitments—Construction

At December 31, 2020, the Authority had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-19	\$ 241,953	\$ 240,756
	<u>\$ 241,953</u>	<u>\$ 240,756</u>

Contingencies

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

FERNDALE HOUSING COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
NOTES TO THE SCHEDULE OF FEDERAL AWARDS

DECEMBER 31, 2020

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>	<u>Revenues</u>
<u>U.S. Department of HUD</u>				
<u>Public and Indian Housing Nonmajor - Direct Program</u>				
2020	Low Rent Program	14-850	\$ <u>483,186</u>	\$ <u>483,186</u>
<u>Public and Indian Housing Nonmajor - Direct Program</u>				
2020	Public Housing CARES Act Funding	14-PHC	\$ <u>78,512</u>	\$ <u>78,512</u>
<u>Low Income Public Housing Major - Direct Program</u>				
2020	Housing Choice Vouchers	14-871	\$ <u>6,053,487</u>	\$ <u>6,053,487</u>
<u>Public and Indian Housing Nonmajor - Direct Program</u>				
2020	Capital Fund Program	14-872	\$ <u>331,500</u>	\$ <u>331,500</u>
<u>Low Income Public Housing Nonmajor - Direct Program</u>				
2020	HCV CARES Act Funding	14-HCC	\$ <u>505,203</u>	\$ <u>505,203</u>
<u>Low Income Public Housing Nonmajor - Direct Program</u>				
2020	Resident Opportunity and Supportive Services	14-870	\$ <u>52,824</u>	\$ <u>52,824</u>
Total			\$ <u>7,504,712</u>	\$ <u>7,504,712</u>

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

December 31, 2020

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal award programs of the Authority. All Federal awards received directly from Federal agencies as well as Federal awards passed through other governmental agencies or other entities are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200. *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) Because the Schedule presents only a select position, changes in net position or cash flows of the Authority.

NOTE 2 - Significant Accounting Policies

The Authority's Schedule of Federal Awards has been prepared on the accrual basis of accounting. Grant revenue is recognized on the modified accrual bases and, when all applicable eligibility requirements are met in accordance with the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The criteria established by GASB for accrual-bases recognition require that all eligibility requirements must be met, and the revenues must be available. "Available" means that the government has collected the revenues in the current period or expects to collect them soon enough after the end of the period to use them to pay liabilities of the current period. Resources received or recognized as receivables before the time requirements are met are reported as deferred revenues. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

NOTE 3 - Contingencies

In connection with various Federal grant programs the Authority is obligated to administer related programs and spend the funds in accordance with regulatory restrictions and is subject to audit by grantor agencies and other auditors. In cases of noncompliance, the agencies involved may require the Authority to refund program funds.

EXHIBIT A
FINANCIAL DATA SCHEDULE

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCY CARES Act Funding
111 Cash - Unrestricted	\$595,957		\$1,293,789		
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			\$160,957		\$230,632
114 Cash - Tenant Security Deposits	\$42,217				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$638,174	\$0	\$1,454,746	\$0	\$230,632
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$12,066				
126.1 Allowance for Doubtful Accounts -Tenants	\$0				
126.2 Allowance for Doubtful Accounts - Other					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,066	\$0	\$0	\$0	\$0
131 Investments - Unrestricted	\$230,748				
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$17,534				
143 Inventories					

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$116,043				
145 Assets Held for Sale					
150 Total Current Assets	\$1,014,565	\$0	\$1,454,746	\$0	\$230,632
161 Land	\$823,793				
162 Buildings	\$5,684,153				
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$171,988				
165 Leasehold Improvements	\$1,599,104				
166 Accumulated Depreciation	-\$5,562,618				
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,716,420	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$2,716,420	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources	\$53,183				
290 Total Assets and Deferred Outflow of Resources	\$3,784,168	\$0	\$1,454,746	\$0	\$230,632

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$43,814				
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$12,096				
322 Accrued Compensated Absences - Current Portion	\$20,075				
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$21,955				
341 Tenant Security Deposits	\$46,519				
342 Unearned Revenue					\$230,632
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To			\$116,043		
348 Loan Liability - Current					
310 Total Current Liabilities	\$144,459	\$0	\$116,043	\$0	\$230,632
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
357 Accrued Pension and OPEB Liabilities	\$444,969				
350 Total Non-Current Liabilities	\$444,969	\$0	\$0	\$0	\$0
300 Total Liabilities	\$589,428	\$0	\$116,043	\$0	\$230,632
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$2,712,040	\$0		\$0	\$0
511.4 Restricted Net Position		\$0	\$161,092	\$0	\$0
512.4 Unrestricted Net Position	\$482,700	\$0	\$1,177,611	\$0	\$0
513 Total Equity - Net Assets / Position	\$3,194,740	\$0	\$1,338,703	\$0	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$3,784,168	\$0	\$1,454,746	\$0	\$230,632

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
111 Cash - Unrestricted	\$1,889,746	\$1,889,746
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$391,589	\$391,589
114 Cash - Tenant Security Deposits	\$42,217	\$42,217
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$2,323,552	\$2,323,552
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants	\$12,066	\$12,066
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other		
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,066	\$12,066
131 Investments - Unrestricted	\$230,748	\$230,748
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets	\$17,534	\$17,534
143 Inventories		
143.1 Allowance for Obsolete Inventories		

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
144 Inter Program Due From	\$116,043	\$116,043
145 Assets Held for Sale		
150 Total Current Assets	\$2,699,943	\$2,699,943
161 Land	\$823,793	\$823,793
162 Buildings	\$5,684,153	\$5,684,153
163 Furniture, Equipment & Machinery - Dwellings		
164 Furniture, Equipment & Machinery - Administration	\$171,988	\$171,988
165 Leasehold Improvements	\$1,599,104	\$1,599,104
166 Accumulated Depreciation	-\$5,562,618	-\$5,562,618
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,716,420	\$2,716,420
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$2,716,420	\$2,716,420
200 Deferred Outflow of Resources	\$53,183	\$53,183
290 Total Assets and Deferred Outflow of Resources	\$5,469,546	\$5,469,546
311 Bank Overdraft		

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
312 Accounts Payable <= 90 Days	\$43,814	\$43,814
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$12,096	\$12,096
322 Accrued Compensated Absences - Current Portion	\$20,075	\$20,075
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government	\$21,955	\$21,955
341 Tenant Security Deposits	\$46,519	\$46,519
342 Unearned Revenue	\$230,632	\$230,632
343 Current Portion of Long-term Debt - Capital		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		
347 Inter Program - Due To	\$116,043	\$116,043
348 Loan Liability - Current		
310 Total Current Liabilities	\$491,134	\$491,134
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities	\$444,969	\$444,969

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
350 Total Non-Current Liabilities	\$444,969	\$444,969
300 Total Liabilities	\$936,103	\$936,103
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets	\$2,712,040	\$2,712,040
511.4 Restricted Net Position	\$161,092	\$161,092
512.4 Unrestricted Net Position	\$1,660,311	\$1,660,311
513 Total Equity - Net Assets / Position	\$4,533,443	\$4,533,443
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$5,469,546	\$5,469,546

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
70300 Net Tenant Rental Revenue	\$438,134				
70400 Tenant Revenue - Other	\$695				
70500 Total Tenant Revenue	\$438,829	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$483,186		\$6,053,487		\$505,203
70610 Capital Grants	\$331,500				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants		\$78,512		\$52,824	
71100 Investment Income - Unrestricted	\$2,514				
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			\$3,916		
71500 Other Revenue	\$14,377			\$8,533	
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$1,270,406	\$78,512	\$6,057,403	\$61,357	\$505,203
91100 Administrative Salaries	\$57,325	\$24,780	\$172,663	\$17,505	\$99,230

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
91200 Auditing Fees	\$8,730				
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$7,254		\$13,341		\$27,098
91600 Office Expenses	\$11,108	\$885	\$23,127	\$17,800	\$47,685
91700 Legal Expense	\$7,165				
91800 Travel					
91810 Allocated Overhead					
91900 Other	\$72,002	\$13,565	\$10,338		
91000 Total Operating - Administrative	\$163,584	\$39,230	\$219,469	\$35,305	\$174,013
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$22,295			\$26,052	
92500 Total Tenant Services	\$22,295	\$0	\$0	\$26,052	\$0
93100 Water	\$111,601				
93200 Electricity	\$41,005				
93300 Gas	\$39,652				
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
93800 Other Utilities Expense					
93000 Total Utilities	\$192,258	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$113,994	\$26,742			
94200 Ordinary Maintenance and Operations - Materials and	\$34,906	\$1,999			
94300 Ordinary Maintenance and Operations Contracts	\$473,058	\$10,541	\$10,017		\$34,764
94500 Employee Benefit Contributions - Ordinary Maintenance	\$37,900				
94000 Total Maintenance	\$659,858	\$39,282	\$10,017	\$0	\$34,764
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$1,721				
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$1,721	\$0	\$0	\$0	\$0
96110 Property Insurance	\$27,083				
96120 Liability Insurance	\$19,600				
96130 Workmen's Compensation	\$9,741				
96140 All Other Insurance	\$2,200				
96100 Total insurance Premiums	\$58,624	\$0	\$0	\$0	\$0
96200 Other General Expenses	\$55,767		\$30,028		
96210 Compensated Absences					
96300 Payments in Lieu of Taxes	\$21,956				
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
96600 Bad debt - Other					
96800 Severance Expense	\$1,448				
96000 Total Other General Expenses	\$79,171	\$0	\$30,028	\$0	\$0
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
96900 Total Operating Expenses	\$1,177,511	\$78,512	\$259,514	\$61,357	\$208,777
97000 Excess of Operating Revenue over Operating Expenses	\$92,895	\$0	\$5,797,889	\$0	\$296,426
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$5,305,189		\$296,426
97350 HAP Portability-In					
97400 Depreciation Expense	\$242,626				
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,420,137	\$78,512	\$5,564,703	\$61,357	\$505,203
10010 Operating Transfer In					
10020 Operating transfer Out					

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$149,731	\$0	\$492,700	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$3,344,471	\$0	\$629,221	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and			\$16,782		
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			\$1,177,611		
11180 Housing Assistance Payments Equity			\$161,092		

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding
11190 Unit Months Available	2004		11700		
11210 Number of Unit Months Leased	1967		10683		
11270 Excess Cash	\$782,072				
11610 Land Purchases	\$0				
11620 Building Purchases	\$0				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
70300 Net Tenant Rental Revenue	\$438,134	\$438,134
70400 Tenant Revenue - Other	\$695	\$695
70500 Total Tenant Revenue	\$438,829	\$438,829
70600 HUD PHA Operating Grants	\$7,041,876	\$7,041,876
70610 Capital Grants	\$331,500	\$331,500
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants	\$131,336	\$131,336
71100 Investment Income - Unrestricted	\$2,514	\$2,514
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery	\$3,916	\$3,916
71500 Other Revenue	\$22,910	\$22,910
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$7,972,881	\$7,972,881
91100 Administrative Salaries	\$371,503	\$371,503
91200 Auditing Fees	\$8,730	\$8,730

Ferndale Housing Commission (MI096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing		
91500 Employee Benefit contributions - Administrative	\$47,693	\$47,693
91600 Office Expenses	\$100,605	\$100,605
91700 Legal Expense	\$7,165	\$7,165
91800 Travel		
91810 Allocated Overhead		
91900 Other	\$95,905	\$95,905
91000 Total Operating - Administrative	\$631,601	\$631,601
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other	\$48,347	\$48,347
92500 Total Tenant Services	\$48,347	\$48,347
93100 Water	\$111,601	\$111,601
93200 Electricity	\$41,005	\$41,005
93300 Gas	\$39,652	\$39,652
93400 Fuel		
93500 Labor		
93600 Sewer		
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		

Ferndale Housing Commission (M1096)

FERNDALE, MI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
93000 Total Utilities	\$192,258	\$192,258
94100 Ordinary Maintenance and Operations - Labor	\$140,736	\$140,736
94200 Ordinary Maintenance and Operations - Materials and	\$36,905	\$36,905
94300 Ordinary Maintenance and Operations Contracts	\$528,380	\$528,380
94500 Employee Benefit Contributions - Ordinary Maintenance	\$37,900	\$37,900
94000 Total Maintenance	\$743,921	\$743,921
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs	\$1,721	\$1,721
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$1,721	\$1,721
96110 Property Insurance	\$27,083	\$27,083
96120 Liability Insurance	\$19,600	\$19,600
96130 Workmen's Compensation	\$9,741	\$9,741
96140 All Other Insurance	\$2,200	\$2,200
96100 Total insurance Premiums	\$58,624	\$58,624
96200 Other General Expenses	\$85,795	\$85,795
96210 Compensated Absences		
96300 Payments in Lieu of Taxes	\$21,956	\$21,956
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		
96600 Bad debt - Other		

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
96800 Severance Expense	\$1,448	\$1,448
96000 Total Other General Expenses	\$109,199	\$109,199
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
96900 Total Operating Expenses	\$1,785,671	\$1,785,671
97000 Excess of Operating Revenue over Operating Expenses	\$6,187,210	\$6,187,210
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments	\$5,601,615	\$5,601,615
97350 HAP Portability-In		
97400 Depreciation Expense	\$242,626	\$242,626
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$7,629,912	\$7,629,912
10010 Operating Transfer In		
10020 Operating transfer Out		
10030 Operating Transfers from/to Primary Government		

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$342,969	\$342,969
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$4,173,692	\$4,173,692
11040 Prior Period Adjustments, Equity Transfers and	\$16,782	\$16,782
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		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity	\$1,177,611	\$1,177,611
11180 Housing Assistance Payments Equity	\$161,092	\$161,092
11190 Unit Months Available	13704	13704

Ferndale Housing Commission (MI096)
 FERNDALE, MI
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
11210 Number of Unit Months Leased	12650	12650
11270 Excess Cash	\$782,072	\$782,072
11610 Land Purchases	\$0	\$0
11620 Building Purchases	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0

SECTION III
REPORT ON COMPLIANCE
AND
ON INTERNAL CONTROL

Barrale Renshaw CPAs and Advisors LLC

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
Ferndale Housing Commission
Ferndale, Michigan

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 Ferndale Housing Commission, (Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Ferndale Housing Commission's basic financial statements, and have issued our report thereon dated March 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ferndale Housing Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ferndale Housing Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ferndale Housing Commission'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 Ferndale Housing Commission'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*.

Barrale Renshaw CPAs and Advisors LLC

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 Authority'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.

Barrale Renshaw CPAs and Advisors

Barrale Renshaw CPAs and Advisors LLC
March 22, 2022

Barrale Renshaw CPAs and Advisors LLC

Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance Required by Uniform Guidance

Board of Commissioners
Ferndale Housing Commission
Ferndale, Michigan

Report of Compliance for each Major Federal Program

We have audited the Ferndale Housing Commission, 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.

Auditor's 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 the major federal programs 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 with each major 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 identified above for the year ended December 31, 2020.

Barrale Renshaw CPAs and Advisors LLC

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 requirements 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ferndale Housing Commission, as of and for the year ended December 31, 2020, and the related notes of the financial statements, which collectively comprise the Ferndale Housing Commission's basic financial statements. We issued our report thereon dated December 31, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. Such information is the responsibility of the management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Barrale Renshaw CPAs and Advisors LLC

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 our testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Barrale Renshaw CPAs and Advisors

Barrale Renshaw CPAs and Advisors LLC
St. Louis, MO
March 22, 2022

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

December 31, 2020

The prior audit report for the year ended December 31, 2019 contained no significant deficiencies.

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2020

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency (ies) that are not considered to be material weakness? None reported

Noncompliance material to financial statements noted? No

Is a "going concern" explanatory paragraph included in the audit report? No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? No
- Significant Deficiency (ies) that are not considered to be material weakness? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with *Uniform Guidance* [2 CFR 20.516(a)]? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualifies as low-risk auditee Yes

FERNDALE HOUSING COMMISSION

Ferndale, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

December 31, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended December 31, 2020 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended December 31, 2020 disclosed no Federal Awards audit findings.

ACTION PLAN

The current audit report for the year ended December 31, 2020 disclosed no audit findings and consequently there is no action plan.

QUESTIONED COSTS

None

Barrale Renshaw CPAs and Advisors LLC

March 24, 2022

Ms. Heather Van Poucker, Executive Director
Ferndale Housing Commission
415 Withington Street
Ferndale, Michigan 48220

Dear Ms. Heather Van Poucker:

Please find attached a final copy of the Audit Report of the Ferndale Housing Commission for the year ended December 31, 2020. Please send one copy to your local HUD office.

The Data Collection Form (SF-SAC) and audit report has been electronically submitted to the Federal Audit Clearinghouse (U.S. Census Bureau). You should be receiving an e-mail from them with instruction on how to electronically certify the form.

The Audit Report has been electronically submitted to the U.S. Department of Housing and Urban Development Real Estate Assessment Center.

If you have any questions, please do not hesitate to contact me at:

314-725-8100 (office)
314-323-5593 (cell)
lou.barrale@brskcpa.com (email)

Sincerely,



Louis A. Barrale, CPA
Barrale Renshaw CPAs and Advisors LLC