



**TWIN FALLS HOUSING AUTHORITY
FINANCIAL STATEMENTS**

**For the years ended December 31, 2020 and 2019
Including Independent Auditors' Reports,
Management's Discussion and Analysis, and
Supplemental Information**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Twin Falls Housing Authority
Twin Falls, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Twin Falls 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.

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 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 entity'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 entity'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 financial position of the Twin Falls Housing Authority as of December 31, 2020, and the changes in its net position and its cash flows for the year 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 the management's discussion and analysis on pages 3 through 7 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information to 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 24 to 25 and pages 28 to 35 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards shown on page 32, as required by U.S. Office of Management and Budget, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matter

The financial statements of Twin Falls Housing Authority of the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements in a report dated July 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

B2a, CPAs

B2a CPAs
March 18, 2021



**Twin Falls Housing Authority
Management's Discussion and Analysis
For the years ended June 30, 2020, 2019 and 2018**

Within this section of the Twin Falls Housing Authority (TFHA) annual financial report, TFHA's management provides a narrative discussion and analysis of TFHA's financial activities of the years ending December 31, 2020 and 2019. TFHA's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the proprietary fund (enterprise fund), as it is the governmental entity and, unless otherwise noted, component units reported separately from the enterprise fund are not included.

Financial Highlights

| | 2020 | 2019 |
|----------------------------------|---------------------|---------------------|
| Assets | | |
| Current Assets | \$ 1,095,735 | \$ 907,000 |
| Noncurrent Assets | 1,434,120 | 1,339,565 |
| Total Assets | \$ 2,529,855 | \$ 2,246,565 |
| Liabilities | | |
| Current & Other Liabilities | \$ 146,805 | \$ 159,690 |
| Noncurrent Liabilities | 304,942 | 226,435 |
| Total Liabilities | \$ 451,747 | \$ 386,125 |
| Net Position | | |
| Net Investment in Capital Assets | \$ 1,368,787 | \$ 1,317,865 |
| Restricted | - | - |
| Unrestricted | 709,321 | 542,575 |
| Total Net Position | \$ 2,078,108 | \$ 1,860,440 |

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to TFHA's basic financial statement. This statement consists of the enterprise fund statements and notes to the enterprise fund. This report also contains supplementary information in addition to the basic financial statements themselves.

Authority-Wide Financial Statements

These statements are designed to provide readers with a broad overview of TFHA's finances in a manner similar to that of a private-sector business.

The statement of net position presents information on all of the assets and liabilities of TFHA, along with the difference between the two, which is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.



**Twin Falls Housing Authority
Management's Discussion and Analysis
For the years ended June 30, 2020, 2019 and 2018**

The statement of revenues, expenses and changes in net position presents information showing how the net position of TFHA changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events occur, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

Fund Financial Statements

A fund is a group of related accounts; the grouping is used to maintain control over resources that have been segregated for specific activities or objectives. TFHA, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of TFHA's funds are included as an enterprise fund.

The enterprise fund focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

It is useful to compare the information presented with similar information from the previous year. By doing so, readers may better understand the long-term impact of the financing decisions. The enterprise fund Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, together provide a reconciliation to facilitate this comparison. A cash flow statement is also presented to reconcile the change in cash for the year.

TFHA adopts an annual budget. A budgetary comparison statement has not been provided.



**Twin Falls Housing Authority
Management's Discussion and Analysis
For the years ended June 30, 2020, 2019 and 2018**

Summary of TFHA's Net Position

The following table provides a summary of TFHA's net position at December 31, 2020, 2019 and 2018, respectively:

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>2018</u> | <u>Amount of Change</u> |
|----------------------------------|---------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| Assets | | | | | |
| Current Assets | \$ 1,095,735 | \$ 907,000 | \$ 188,735 | \$ 800,364 | 106,636 |
| Noncurrent Assets | 1,434,120 | 1,339,565 | 234,961 | 1,453,061 | (113,496) |
| Total Assets | <u>\$ 2,529,855</u> | <u>\$ 2,246,565</u> | <u>\$ 283,290</u> | <u>\$ 2,253,425</u> | <u>\$ (6,860)</u> |
| Liabilities | | | | | |
| Current & Other Liabilities | \$ 146,805 | \$ 159,690 | \$ (12,885) | \$ 131,637 | 28,053 |
| Noncurrent Liabilities | 304,942 | 226,435 | 78,507 | 244,972 | (18,537) |
| Total Liabilities | <u>\$ 451,747</u> | <u>\$ 386,125</u> | <u>\$ 65,622</u> | <u>\$ 376,609</u> | <u>\$ 9,516</u> |
| Net Position | | | | | |
| Net Investment in Capital Assets | \$ 1,368,787 | \$ 1,317,865 | \$ 50,922 | \$ 1,418,788 | (100,923) |
| Restricted | - | - | - | - | - |
| Unrestricted | 709,321 | 542,575 | 166,746 | 458,028 | 84,547 |
| Total Net Position | <u>\$ 2,078,108</u> | <u>\$ 1,860,440</u> | <u>\$ 217,668</u> | <u>\$ 1,876,816</u> | <u>\$ (16,376)</u> |

Capital Assets

TFHA has \$9,115,247 and \$8,880,286 Low Income Housing Property and Equipment for the years 2020 and 2019, respectively. The total accumulated depreciation on these assets amounts to \$7,742,169 and \$7,562,421 in 2020 and 2019, respectively.

Asset acquisitions were in \$248,413 in 2020. This compares to 2019 asset acquisitions of \$177,276

TFHA disposed of assets totaling \$13,452 with a net book value of \$-0- in 2020 compared to \$238 with a net book value of \$-0- in 2019. The current year dispositions include writing off old appliances no longer required to be classed as assets.

Restricted Net Position

At December 31, 2020 and 2019, respectively, TFHA had \$0 and \$0 in restricted net position which consists of restricted cash less related liabilities, including the tenant security deposit liability.



Twin Falls Housing Authority
Management's Discussion and Analysis
For the years ended June 30, 2020, 2019 and 2018

Summary of Changes in Net Position:

| | 2020 | 2019 | Amount of Change | 2018 | Amount of Change |
|---------------------------------|------------------|------------------|---------------------|------------------|---------------------|
| Operating Revenues | | | | | |
| Government Subsidies | \$ 315,137 | \$ 363,139 | \$ (48,002) | \$ 316,039 | \$ 47,100 |
| Rents | 715,736 | 696,152 | 19,584 | 653,886 | 42,266 |
| Capital Grants | 466,087 | 214,188 | 251,899 | 184,580 | 29,608 |
| Interest Income | 9,099 | 7,950 | 1,149 | - | 7,950 |
| Other | 9,080 | 6,981 | 2,099 | 7,089 | (108) |
| Total Revenue | 1,515,139 | 1,288,410 | 226,729 | 1,161,594 | 126,816 |
| Operating Expenses | | | | | |
| Administrative | 316,319 | 316,595 | (276) | 273,364 | 43,231 |
| Tenant Services | 371 | 328 | 460 | 43 | 285 |
| Utilities | 147,062 | 151,385 | (4,323) | 157,140 | (5,755) |
| Ordinary Maintenance and Operat | 468,220 | 449,884 | 18,336 | 397,359 | 52,525 |
| Insurance | 34,552 | 30,080 | 4,472 | 29,786 | 294 |
| General | 120,988 | 53,085 | 67,903 | 48,455 | 4,630 |
| Depreciation | 193,200 | 193,962 | (762) | 181,431 | 12,531 |
| Total Expenses | 1,280,712 | 1,195,319 | 85,393 | 1,087,578 | 107,741 |
| Income (Loss) | 234,427 | 93,091 | 141,336 | 74,016 | 19,075 |

Explanation of Revenues and Expenditures:

Revenues

- 1) HUD CFP Grants decrease and increase as HUD Determines based on appropriations provided by Congress. CFP Revenue reflects the cost of capital improvement projects completed in 2020. TFHA experienced an increase in unit turnovers due in part to COVID-19. Some vacating Tenants using CARES Stimulus funds as down payment for housing, tenants moving in with family members and a few to assisted living or deceased. With the ongoing pandemic and little opportunity to renovate occupied units, vacated units underwent extensive modifications with CFP funding. TFHA also received CARES funding to assist with preparation to maintain health & safety of our tenants and employees during the pandemic, along with prevention measures and response methods.
- 2) Rent Revenues increased as many of our tenants were able to continue working during the pandemic filling essential worker roles. A large percentage of TFHA tenants have a fixed source of income which provides a fairly stable rent revenue base.

Expenditures

- 1) Administration includes administrative salaries, legal and audit fees, employee benefits, training, mileage reimbursement, program related expenses, tenant relocation costs and other related office expenses.
- 2) Utilities include water, sewer, electricity, natural gas.
- 3) Operating and Maintenance include labor salaries and benefits, materials, contract costs, sanitation services, landfill fees, CFP contracts, supplies and miscellaneous expenses.
- 4) Insurance includes various property and liability insurance, workman's compensation.
- 5) General includes pension fund, compensated absences, TFHA's payment in lieu of taxes



**Twin Falls Housing Authority
Management's Discussion and Analysis
For the years ended June 30, 2020, 2019 and 2018**

(PILOT) and miscellaneous expenses.

- 6) Depreciation is the amount of expense due to the asset depreciation.

Economic Outlook

TFHA saw a 5% increase in HUD Capital Improvement Funding and anticipate an increase in the Operating Subsidy for 2021; although the full level of that increase is unknown. TFHA Occupancy rate remains at 99.22% creating a stable rent revenue and we do not anticipate seeing a noticeable change. TFHA has increased income over 40% in the past three years and we do not anticipate seeing a significant decrease. With the pandemic indicating more routine operations, we should see another shift in Capital improvement projects taking place.

CONTACTING THE TWIN FALLS HOUSING AUTHORITY

The financial discussion and analysis is designed to provide our patrons and creditors with a general overview of TFHA's finances and to show TFHA's accountability for the funds it receives. If you have questions about the report, or need any additional information, contact TFHA Commissioners at 200 Elm Street North, Twin Falls ID 83301 or via email at tfhachair@gmail.com or info@twinfallshousing.com.



TWIN FALLS HOUSING AUTHORITY
Statements of Net Position
As of December 31, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash | \$ 243,111 | \$ 148,343 |
| Accounts Receivable - Tenants | - | 11,900 |
| Accounts Receivable - Other | 6,512 | - |
| Allowance for Doubtful Accounts | - | - |
| Restricted Assets | | |
| Cash - Restricted | 36,500 | 35,950 |
| Other Current Assets | | |
| Prepaid Expenses and Other Assets | 5,726 | 5,453 |
| Investments - Unrestricted | 803,886 | 705,354 |
| Total Current Assets | 1,095,735 | 907,000 |
| Capital Assets | | |
| Land | 99,631 | 99,631 |
| Building and Improvements | 8,271,698 | 8,089,702 |
| Furniture and Equipment | 743,918 | 690,953 |
| Total Capital Assets | 9,115,247 | 8,880,286 |
| Accumulated Depreciation | (7,742,169) | (7,562,421) |
| Net Capital Assets | 1,373,078 | 1,317,865 |
| Total Assets | 2,468,813 | 2,224,865 |
| Deferred Outflows of Resources | 61,042 | 21,700 |
| Total Assets and Deferred Outflows of Resources | \$ 2,529,855 | \$ 2,246,565 |
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts Payable | \$ 60,869 | \$ 88,601 |
| Tenant Security Deposits | 36,500 | 35,950 |
| Accrued Liabilities | 45,270 | 35,139 |
| Unearned Revenue | 4,166 | - |
| Total Current Liabilities | 146,805 | 159,690 |
| Long Term Liabilities | | |
| Accrued Compensated Absences - Non-Current | 4,291 | 13,385 |
| Accrued Pension and OPEB Liabilities | 291,144 | 146,072 |
| Total Long-Term Liabilities | 295,435 | 159,457 |
| Total Liabilities | 442,240 | 319,147 |
| Deferred Inflows of Resources | 9,507 | 66,978 |
| Net Position | | |
| Net Invested in Capital Assets | 1,368,787 | 1,317,865 |
| Restricted Net Position | - | - |
| Unrestricted Net Position | 709,321 | 542,575 |
| Total Net Position | 2,078,108 | 1,860,440 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 2,529,855 | \$ 2,246,565 |

See accompanying notes to the financial statements.



TWIN FALLS HOUSING AUTHORITY
Statements of Revenues,
Expenses and Changes in Net Position
For the Years Ending December 31, 2020 and 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| Operating Revenues | | |
| Governmental Subsidies | \$ 315,137 | \$ 363,139 |
| Rents | 715,736 | 696,152 |
| Other | 9,080 | 6,981 |
| Total Operating Revenue | 1,039,953 | 1,066,272 |
| Operating Expenses | | |
| Administrative | 316,319 | 316,595 |
| Tenant Services | 371 | 328 |
| Utilities | 147,062 | 151,385 |
| Ordinary Maintenance and Operations | 468,220 | 449,884 |
| Insurance | 34,552 | 30,080 |
| General | 120,988 | 53,085 |
| Depreciation | 193,200 | 193,962 |
| Total Operating Expenses | 1,280,712 | 1,195,319 |
| Income (Loss) from Operations | (240,759) | (129,047) |
| Nonoperating Income (Expenses) | | |
| Interest Income | 9,099 | 7,950 |
| Total Nonoperating Income (Expenses) | 9,099 | 7,950 |
| Capital Grants | 466,087 | 214,188 |
| Change in Net Position | 234,427 | 93,091 |
| Net Position at Beginning of Year | 1,860,440 | 1,876,816 |
| Adjustments | | |
| Prior Period Adjustment | (16,759) | (109,467) |
| Net Position at End of Year | \$ 2,078,108 | \$ 1,860,440 |

See accompanying notes to the financial statements.



TWIN FALLS HOUSING AUTHORITY
Statements of Cash Flows
For the Years Ending December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Federal Subsidies Received | \$ 315,137 | \$ 363,139 |
| Rents Received | 725,290 | 693,460 |
| Other Receipts | (89,452) | 69,635 |
| Cash Paid for Administrative Services | (321,918) | (326,359) |
| Cash Paid for Utilities | (147,062) | (151,385) |
| Cash Paid for Ordinary Maintenance and Operations | (468,220) | (449,884) |
| Cash Paid for General Expenses | (121,359) | (53,413) |
| Cash Paid for Other Operating Expenses | (23,871) | 936 |
| Net Cash Provided (Used) by Operating Activities | (131,455) | 146,129 |
| Cash Flows from Capital Financing Activities | | |
| Capital Grant Receipts | 466,087 | 214,188 |
| Acquisition of Capital Assets | (248,413) | (264,001) |
| Net Cash Provided (Used) by Capital Financing Activities | 217,674 | (49,813) |
| Cash Flows from Investing Activities | | |
| Interest and Dividends | 9,099 | 7,950 |
| Net Cash Provided (Used) by Investing Activities | 9,099 | 7,950 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 95,318 | 104,266 |
| Cash and Cash Equivalents at Beginning of Year | 184,293 | 80,027 |
| Cash and Cash Equivalents at End of Year | \$ 279,611 | \$ 184,293 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | |
| Income (Loss) from Operations | \$ (240,759) | \$ (129,047) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities | | |
| Depreciation | 193,200 | 193,962 |
| Prior Period Adjustment | (16,759) | |
| Decrease (Increase) in Operating Assets | | |
| Accounts Receivable | 5,388 | (1,867) |
| Prepaid Rent and Other Assets | (273) | |
| Deferred Outflows of Resources | (39,342) | 12,573 |
| Investments | (98,532) | 62,009 |
| Increase (Decrease) in Operating Liabilities | | |
| Accounts Payable | (27,732) | (2,138) |
| Tenant Security Deposits | 550 | (825) |
| Accrued Liabilities | 10,131 | 31,016 |
| Unearned Revenue | 4,166 | - |
| Accrued Compensate Absences | (9,094) | - |
| Accrued Pension and OPEB Liabilities | 145,072 | (49,949) |
| Deferred Inflows of Resources | (57,471) | 30,395 |
| Net Cash Provided (Used) by Operating Activities | \$ (131,455) | \$ 146,129 |

See accompanying notes to the financial statements.



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND HISTORY

The Twin Falls Housing Authority (TFHA) was officially established and incorporated pursuant to the United States Housing Act of 1937, (as amended in 1938). TFHA was created by the City of Twin Falls declaring there is a need for a housing authority in the City by adopting Resolution #164, October 30th, 1940, outlining the Cooperative Agreement to initiate the demolition of unsafe & insanitary dwelling units along with the development of units by the Housing Authority to be provided for low-income families. TFHA was the first public housing authority in Idaho with other public housing authorities forming when Idaho added Public Housing to the Idaho Statutes in 1967 (Title 50, Municipal Corporations, Chapter 10, 50-1905) further defining the role under Idaho municipalities. The authority shall terminate at such a time as the council of the City, by proper resolution, shall declare that there is no longer a need for a housing authority to function within the City. TFHA was organized to develop and maintain housing for low-income families and the elderly and disabled families with safe, decent, affordable housing. Several Federal grants provide assistance in the form of operating subsidies and capital improvements for public housing projects.

RECENT ACCOUNTING DEVELOPMENTS

GASB 87

This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. TFHA has determined that they don't have any leases that fall under the provisions of GASB 87.

GASB 88

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Note 8 gives the detail of the debt disclosure required by GASB 88.

BASIS OF PRESENTATION - FUND ACCOUNTING

The Authority prepares its financial statements in conformity with U.S. generally accepted accounting principles as applied to governmental entities and uses proprietary fund accounting. Proprietary fund accounting utilizes full accrual principles. Revenues are recognized as earned and



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

expenses are recorded when incurred.

Operating income reported in the financial statements includes revenues and expenses related to the principal, continuing operations of the entity. Principal operating revenues include tenant rents and HUD grants. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Authority receives funding from a variety of sources. Certain funding sources require the observance of limitations and restrictions placed on the use of resources, appropriations, grants or contracts for various purposes. These resources are classified as restricted in accordance with those restrictions.

Management has determined that the Authority has no component units and is not a component unit of any other organization.

BASIS OF ACCOUNTING

The Authority prepares its basic financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues at the time they are earned. Expenditures are recorded when incurred.

CLASSIFICATION OF REVENUE

Operating Revenues – Operating revenues include exchange transactions associated with providing housing and related services with federal operating subsidies and governmental grants that are directly related to the Authority’s mission.

Non-operating Revenues – Non-operating revenues include interest revenues, and other revenues not meeting the definition of operating.

CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Cash and cash equivalents at December 31, 2020 and 2019 consist of cash on hand.

ACCOUNTS RECEIVABLE AND BAD DEBTS

Accounts receivable include amounts due from tenants and government agencies. The Authority calculates an allowance for accounts receivable that it deems to be uncollectible. At December 31, 2020 and 2019, the accounts receivable along with the allowance for doubtful accounts by program are reported on Schedule I of the Supplementary Information included with these financial statements.

NET POSITION

The Authority's net positions are classified as follow:

Net Investment in Capital Assets – This component of net position consist of the Authority's net investment in capital assets, reduces by the outstanding debt related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – This component of net position consist of that portion of net position restricted by covenants or donors to be expended for specific purposed, capital assets or debt service.

Unrestricted Net Position – This component of net position consists of net position which does not meet the definition of "restricted" or "net investments in capital assets."

When an expense is incurred for purposes for which both restricted and unrestricted net position are available the Authority's policy is to apply restricted net position first.

CAPITAL ASSETS

Capital Assets are carried at historical cost. Depreciation is computed using the straight-line method over the estimated useful life of 3-40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized and depreciated.

USE OF ESTIMATES

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

NOTES RECEIVABLE

Notes receivable consist of mortgages held, secured by real estate.

UNEARNED INCOME

Unearned revenue consists of federal subsidies and rents for the following fiscal years which were received by the Authority on or before the end of the fiscal year. Unearned Revenue as of December 31, 2020 and 2019 was \$4,166 and \$0, respectively.

ACCRUED COMPENSATED ABSENCES

The balance of accrued liabilities at December 31, 2020 and 2019, of \$21,455 and \$20,078 includes current accrued compensated absences totaling \$17,164 and \$6,693, respectively.



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

OPERATING AND NONOPERATING REVENUES AND EXPENSES

Operating revenues include governmental operating receipts, rents received and other operating receipts. Operating expenses include general and administrative expenses, and maintenance. Capital fund program receipts and related capital expenditures and interest are included in non-operating revenues and expenses. Material acquisitions of capital assets are capitalized.

INCOME TAXES

Neither the Authority nor its component units are subject to income taxes. The Authority, as a governmental entity, is exempt from income taxes and has no filing obligation while each component unit has been granted tax exempt status under the Internal Revenue Code Section 501(c)(3). Each component unit also qualifies as an entity to receive charitable contributions under Section 170(b)(1)(A)(vi) and has been determined not to be a private foundation under Section 509(a)(1).

PENSIONS

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SUBSEQUENT EVENTS

Subsequent events were evaluated by management through March 18, 2021, which is the date the financial statements were available to be issued. No material subsequent events required to be disclosed were noted by management.

NOTE 2 – DEPOSITS

The following are discussions of the Authority's exposure to various risks related to its cash management activities.

CUSTODIAL CREDIT RISK

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the Authority's deposits may not be recovered. The Authority's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of December 31, 2020, the Authority's bank balances were over the FDIC limits but are collateralized under a signed depository agreement dated May 13, 1999.

CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Housing Authority's policy for reducing this risk of loss is to comply with the rules of the Council. No more than \$2,000,000 or 5 percent of all funds may be invested in securities of a corporation that has been in continuous operations for less than 3 years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentration in certain types of investments. The Housing Authority's investment portfolio consisted of 100% of certificates of deposits and 0% Bonds for the years ended December 31, 2020 and 2019.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority requires its investments in Corporate Bonds to be rated AAA as rated by the standards set by Standard and Poor's or Moody's. The Housing Authority was in compliance with their policy as it relates to credit risk as of December 31, 2020 and 2019.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity of all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations, to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

NOTE 3 - RESTRICTED ASSETS

Restricted cash at December 31, 2020 and 2019 totaling \$36,500 and \$35,950 consists of cash restricted for use of tenant security deposits.

NOTE 4 - ECONOMIC DEPENDENCY

A substantial portion of the Authority's revenue comes from U.S. Department of Housing and Urban Development (HUD). Operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with the change.

NOTE 5 - RETIREMENT PLAN

Plan Description

TFHA contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of December 31, 2019 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The TFHA contributions were \$54,497 for the year ended December 31, 2020.

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

At December 31, 2020, the Authority reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The TFHA proportion of the net pension liability was based on the TFHA's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At December 31, 2020, the TFHA proportion was 0.000125378.

For the year ended December 31, 2020, TFHA recognized pension expense (revenue) of \$48,259. At December 31, 2020, TFHA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 22,747 | \$ 9,507 |
| Changes in assumptions or other inputs | 4,924 | - |
| Net difference between projected and actual earnings on pension plan investments | 33,371 | - |
| TFHA contributions subsequent to the measurement date | - | - |
| Total | <u>\$ 61,042</u> | <u>\$ 9,507</u> |



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

\$61,042 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2018 is 4.8 and 4.8 for the measurement period June 30, 2019.

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

| <u>Year</u> | <u>Amortization</u> |
|-------------|-----------------------|
| 2021 | \$ 7,499,400 |
| 2022 | 97,817,401 |
| 2023 | 132,761,518 |
| 2024 | <u>172,961,226</u> |
| Total | <u>\$ 411,039,545</u> |

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|-----------------------------------|
| Inflation | 3.00% |
| Salary increases | 3.75% |
| Salary inflation | 3.75% |
| Investment rate of return | 7.05%, net of investment expenses |
| Cost-of-living adjustments | 1% |

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

| Asset Class | | Target Allocation | Long-Term Expected Nominal Rate of Return (Arithmetic) | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|----------------------------|----------------------|---|---|
| Core Fixed Income | Barclays Aggregate | 30.00% | 3.05% | 0.80% |
| Broad Domestic Equity | Wilshire 5000/Russell 3000 | 55.00% | 8.30% | 6.05% |
| Developed Foreign Equities | MSCI EAFE/World ex US | 15.00% | 8.45% | 6.20% |
| Assumed Inflation - Mean | | | 2.25% | 2.25% |
| Assumed Inflation – Standard Deviation | | | 1.50% | 1.50% |
| Portfolio Arithmetic Mean Return | | | 6.75% | 4.50% |
| Portfolio Standard Deviation | | | 12.54% | 12.54% |
| Portfolio Long-Term (Geometric) Expected Rate of Return | | | 6.13% | 3.77% |
| Assumed Investment Expenses | | | 0.40% | 0.40% |
| Portfolio Long-Term (Geometric) Expected Rate of Return Net of Investment Expenses | | | 5.73% | 3.37% |
| Portfolio Long-Term Expected Rate of Return, Net of Investment Expenses | | | | 4.19% |
| Portfolio Standard Deviation | | | | 14.16% |
| Valuation Assumptions Chosen by PERSI Board | | | | |
| Long-Term Expected Real Rate of Return | | | | 4.05% |
| Assumed Inflation | | | | 3.00% |
| Long-Term Expected Rate of Return, Net of Investment Expense | | | | 7.05% |

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

| | 1% Decrease (6.05%) | Current Discount Rate (7.05%) | 1% Increase (8.05%) |
|---|--------------------------------|--|--------------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$597,057 | \$291,144 | \$38,204 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance to compensate for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies, which the Authority pays in the event of any loss. The Authority has also purchased a workers' compensation policy.



TWIN FALLS HOUSING AUTHORITY
Notes to the Financial Statements
For the Years Ending December 31, 2020 and 2019

NOTE 7 - SCHEDULE OF CHANGES IN CAPITAL ASSETS

| | 2019 | Additions | Disposals | Adjustments | 2020 |
|----------------------------|---------------------|------------------|------------------|--------------------|---------------------|
| Land | \$ 99,631 | \$ - | \$ - | \$ - | \$ 99,631 |
| Buildings and Improvements | 8,089,702 | 181,996 | - | - | 8,271,698 |
| Furniture and Fixtures | 690,953 | 66,417 | (13,452) | - | 743,918 |
| Total Capital Assets | 8,880,286 | 248,413 | (13,452) | - | 9,115,247 |
| Acc. Depr. | (7,562,421) | (193,200) | 13,452 | - | (7,742,169) |
| Net Capital Assets | <u>\$ 1,317,865</u> | | | | <u>\$ 1,373,078</u> |

| | 2018 | Additions | Disposals | Adjustments | 2019 |
|----------------------------|---------------------|------------------|------------------|--------------------|---------------------|
| Land | \$ 99,631 | \$ - | \$ - | \$ - | \$ 99,631 |
| Buildings and Improvements | 7,972,426 | 117,276 | - | - | 8,089,702 |
| Furniture and Fixtures | 691,191 | - | (238) | - | 690,953 |
| Total Capital Assets | 8,763,248 | 117,276 | (238) | - | 8,880,286 |
| Acc. Depr. | (7,344,461) | (193,962) | 30,298 | (54,296) | (7,562,421) |
| Net Capital Assets | <u>\$ 1,418,787</u> | | | | <u>\$ 1,317,865</u> |

Depreciation of Property and Equipment for the years ended December 31, 2020 and 2019 was \$193,200 and \$193,962 respectively and were included on the Statement of Revenues Expenses and Changes in Net Position.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

While preparing the January reconciliations for Fiscal Year 2020 it was identified that outstanding checks had not been recorded in the prior period audit. A correction to the beginning equity was made to reflect that adjustment of \$16,759.

TWIN FALLS HOUSING AUTHORITY

SUPPLEMENTAL INFORMATION

Supplemental Schedule I
TWIN FALLS HOUSING AUTHORITY
Financial Data Schedule of Net Position by Program
As of December 31, 2020

| FDS Line # Description | Public Housing 14,850 | Combined Totals |
|--|--------------------------|--------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| CURRENT ASSETS | | |
| 111 Cash - Unrestricted | \$ 243,111 | \$ 243,111 |
| 114 Cash - Security Deposits | 36,500 | 36,500 |
| 100 Total Cash | 279,611 | 279,611 |
| 125 Accounts Receivable - Other | 6,512 | 6,512 |
| 126 Accounts Receivable - Tenants | - | - |
| 120 Total Accounts Receivable | 6,512 | 6,512 |
| 142 Prepaid Expenses and Other Assets | 5,726 | 5,726 |
| 131 Investments - Unrestricted | 803,886 | 803,886 |
| 150 Total Current Assets | 1,095,735 | 1,095,735 |
| CAPITAL ASSETS | | |
| 161 Land | 99,631 | 99,631 |
| 162 Buildings | 8,271,698 | 8,271,698 |
| 163 Furniture, Equipment & Machinery - Dwellings | 510,061 | 510,061 |
| 164 Furniture, Equipment & Machinery - Administration | 233,857 | 233,857 |
| 166 Accumulated Depreciation | (7,742,169) | (7,742,169) |
| 160 Total Capital Assets Less Accumulated Depreciation | 1,373,078 | 1,373,078 |
| 180 Total Non-Current Assets | 1,373,078 | 1,373,078 |
| 200 Deferred Outflow of Resources | 61,042 | 61,042 |
| 190 Total Assets and Deferred Outflow of Resources | \$ 2,529,855 | \$ 2,529,855 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| 312 Accounts Payable | \$ 4,656 | \$ 4,656 |
| 321 Accrued Payroll Taxes | 28,106 | 28,106 |
| 322 Accrued Compensated Absences - Current | 17,164 | 17,164 |
| 333 Accounts Payable - Other Government | 56,213 | 56,213 |
| 341 Tenant Security Deposits | 36,500 | 36,500 |
| 342 Deferred Revenue | 4,166 | 4,166 |
| 310 Total Current Liabilities | 146,805 | 146,805 |
| LONG TERM LIABILITIES | | |
| 351 Long-term Debt Net of Current - Capital | - | - |
| 354 Accrued Compensated Absences - Non-Current | 4,291 | 4,291 |
| 357 Accrued Pension and OPEB Liabilities | 291,144 | 291,144 |
| 350 Total Non-Current Liabilities | 295,435 | 295,435 |
| 300 Total Liabilities | 442,240 | 442,240 |
| 400 Deferred Inflow of Resources | 9,507 | 9,507 |
| NET POSITION | | |
| 508.1 Net Invested in Capital Assets | 1,373,078 | 1,373,078 |
| 511.1 Restricted Net Position | - | - |
| 512.1 Unrestricted Net Position | 705,030 | 705,030 |
| 513 Total Net Position | 2,078,108 | 2,078,108 |
| 600 Total Liabilities, Deferred Inflow of Resources and Net Position | \$ 2,529,855 | \$ 2,529,855 |

Supplemental Schedule I
TWIN FALLS HOUSING AUTHORITY
Financial Data Schedule Statement of Revenues, Expenses, and Changes
in Net Position by Program
As of December 31, 2020

| FDS Line # Description | Public Housing 14.850 | Combined Totals |
|---|--------------------------|--------------------|
| REVENUE | | |
| TENANT REVENUE | | |
| 70300 Net Tenant Rental Revenue | \$ 707,044 | \$ 707,044 |
| 70400 Tenant Revenue - Other | 8,692 | 8,692 |
| 70500 Total Tenant Revenue | 715,736 | 715,736 |
| HUD PHA OPERATING GRANTS | | |
| 70600 Annual Contributions Contract Grant (ACC Grant) | 315,137 | 315,137 |
| 70610 Capital Grants | 466,087 | 466,087 |
| 71100 Investment Income - Unrestricted | 9,099 | 9,099 |
| 71500 Other Revenue | 9,080 | 9,080 |
| 70000 Total Revenue | 1,515,139 | 1,515,139 |
| EXPENSES | | |
| ADMINISTRATIVE EXPENSES | | |
| 91100 Administrative Salaries | 153,874 | 153,874 |
| 91200 Auditing Fees | 8,900 | 8,900 |
| 91500 Employee Benefit Contributions | 119,493 | 119,493 |
| 91600 Office Expenses | 33,270 | 33,270 |
| 91700 Legal Expenses | 114 | 114 |
| 91800 Travel | 668 | 668 |
| 91000 Total Operating-Administrative | 316,319 | 316,319 |
| TENANT SERVICES | | |
| 92200 Relocation Costs | 371 | 371 |
| 92500 Total Tenant Services | 371 | 371 |
| UTILITIES | | |
| 93100 Water | 44,380 | 44,380 |
| 93200 Electricity | 36,353 | 36,353 |
| 93300 Gas | 24,793 | 24,793 |
| 93600 Sewer | 41,536 | 41,536 |
| 93000 Total Utilities | 147,062 | 147,062 |
| ORDINARY MAINTENANCE AND OPERATIONS | | |
| 94100 Labor | 168,930 | 168,930 |
| 94200 Materials and Others | 62,844 | 62,844 |
| 94300 Contracts | 148,669 | 148,669 |
| 94500 Ordinary Maintenance | 87,777 | 87,777 |
| 94000 Total Maintenance | 468,220 | 468,220 |
| INSURANCE PREMIUMS | | |
| 96110 Property Insurance | 22,086 | 22,086 |
| 96130 Workmen's Compensation | 12,466 | 12,466 |
| 96100 Total Insurance Premiums | 34,552 | 34,552 |
| GENERAL EXPENSES | | |
| 96210 Compensated Absences | 15,575 | 15,575 |
| 96300 Payment in Lieu of Taxes | 56,213 | 56,213 |
| 96400 Bad Debt- Tenant Rents | 941 | 941 |
| 96200 Other General Expenses | 48,259 | 48,259 |
| 96900 Total Operating Expenses | 1,087,512 | 1,087,512 |
| 97400 Depreciation Expense | 193,200 | 193,200 |
| 90000 Total Expenses | 1,280,712 | 1,280,712 |
| 10000 Excess (Deficiency) of Revenue Over (Under) Expense | 234,427 | 234,427 |
| 11040 Prior Period Adjustments | (16,759) | (16,759) |
| 11030 Beginning Equity | 1,860,440 | 1,860,440 |
| Net Position at End of Year | \$ 2,078,108 | \$ 2,078,108 |

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer's Share of Net Pension Liability

PERSI – Base Plan

Last 10 – Fiscal Years *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Employer's portion of net the pension liability | 0.0168% | 0.0160% | 0.0140% | 0.0133% | 0.0128% | 0.0125% |
| Employer's proportionate share of the net pension liability | 123,496 | 210,043 | 220,169 | 196,021 | 146,072 | 291,144 |
| Employer's covered-employee payroll | 446,772 | 486,768 | 585,067 | 564,157 | 671,423 | 671,423 |
| Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | 0.2764187 | 0.4315063 | 0.3763144 | 0.3474582 | 0.2175557 | 0.4336228 |
| Plan fiduciary net position as a percentage of the total pension liability | 94.95% | 91.38% | 87.26% | 90.68% | 91.69% | 93.79% |

Schedule of Employer Contributions

PERSI – Base Plan

Last 10 – Fiscal Years *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | 50,575 | 55,501 | 66,148 | 63,862 | 81,886 | 81,886 |
| Contributions in relation to the statutorily required contribution | 50,575 | 55,501 | 66,148 | 63,862 | 81,886 | 81,886 |
| Contribution (deficiency) excess | - | - | - | - | - | - |
| Employer's covered-employee payroll | 446,772 | 486,768 | 585,067 | 564,157 | 671,423 | 671,423 |
| Contributions as a percentage of covered-employee payroll | 11.32% | 11.40% | 11.31% | 11.32% | 12.20% | 12.20% |

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the TFHA will present information for those years for which information is available.

Data is reported is measured as of June 30, 2019.



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auditing, tax preparation and financial planning

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
Twin Falls Housing Authority
Twin Falls, Idaho

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 Twin Falls Housing Authority (the Authority), which comprise the Statements of Net Position as of December 31, 2020 and 2019 and the related Statements of Revenues, Expenses and Changes in Net Position, and Cash Flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2021.

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 Standard* as findings.

Purpose of this Report

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

B2a, CPAs

B2a CPAs
Bountiful, Utah
March 18, 2021



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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
Twin Falls Housing Authority
Twin Falls, Idaho

Report on Compliance for Each Major Federal Program

We have audited the Twin Falls Housing Authority' (the Authority) compliance with the types of compliance requirements described in the *Uniform Guidance* that could have a direct and material effect on each of the Authority's major federal programs for the years ended December 31, 2020 and 2019. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 years ended December 31, 2020 and 2019.

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. We did not identify any deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

B2a, CPAs

B2a, CPAs
Bountiful, Utah
March 18, 2021

TWIN FALLS HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

| <u>Federal Agency / Program Grant Title</u> | <u>CFDA Number</u> | <u>Current Year Expenditures</u> |
|--|------------------------|--------------------------------------|
| Department of Housing and Urban Development (HUD): | | |
| Public Housing Capital Fund | 14.872 | 323,498 |
| Low-Rent Public Housing | 14.850 | 457,726 |
| Cares Act Funding | | |
| Public Housing | 14.PHC | <u>42,036</u> |
| Total expenditures of federal awards | | <u>\$ 823,260</u> |

NOTE 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Twin Falls Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Compliance Supplement. Because the schedule presents only a selected portion of the Authority, it is not intended to, and does not present the financial position, changes in net assets or cash flows of the Authority. The Authority reporting entity is defined in Note 1 to the Authority's financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. Significant Accounting Policies

The Schedule of Expenditures of Federal Awards is a summary of activities related to the Authority's expenditures of federal awards. The schedule has been presented on the same basis of accounting as the financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of federal funds are made, revenue is recognized.

NOTE 3. Public Housing Capital Fund Detail by Grant Year

| <u>Grant Number</u> | <u>CFDA Number</u> | <u>Total Grant</u> | <u>Prior Year Expenditures</u> | <u>Current Year Expenditures</u> | <u>Current Year Operations Expenditures</u> | <u>Remaining Grant</u> |
|---------------------|------------------------|---------------------|------------------------------------|--------------------------------------|---|----------------------------|
| ID16P005501-18 | 14.872 | \$ 375,231 | \$ 250,319 | \$ 92,009 | \$ 32,903 | \$ - |
| ID01P005501-19 | 14.872 | 391,041 | - | 231,489 | 124,610 | 34,942 |
| ID01P005501-20 | 14.872 | 420,731 | - | - | - | 420,731 |
| Total | | \$ 1,187,003 | \$ 250,319 | \$ 323,498 | | \$ 455,673 |

TWIN FALLS HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Non compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? Yes 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 the Uniform Guidance ? Yes No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.850 | Low-Rent Public Housing |

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

Auditee qualified as low-risk auditee? Yes No

TWIN FALLS HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no findings to report for the year ended December 31, 2020.

COMPLIANCE

There were no findings to report for the year ended December 31, 2020

TWIN FALLS HOUSING AUTHORITY
Schedule of Findings and Questioned Costs – Prior Year
For the Year Ended December 31, 2019

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no findings to report for the year ended December 31, 2019.

COMPLIANCE

There were no findings to report for the year ended December 31, 2019.