

**GREAT PLAINS HOUSING AUTHORITY  
JAMESTOWN, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Great Plains Housing Authority  
Jamestown, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Great Plains Housing Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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 organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Great Plains Housing Authority, as of June 30, 2020, and the respective changes in financial position and 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 that the management's discussion and analysis, schedule of proportionate share of the net pension liability (asset), schedule of contributions – pension, schedule of proportionate share of net OPEB liability (asset), and schedule of contributions – OPEB 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and the schedule of expenditures of federal awards are 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 January 15, 2021, on our consideration of the Great Plains Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Great Plains Housing Authority's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.  
GRAND FORKS, NORTH DAKOTA**

January 15, 2021

**GREAT PLAINS HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Financial Statement Overview:**

This discussion and analysis of the Great Plains Housing Authority's (Housing Authority) financial performance provides an overview of the Housing Authority's activities for the fiscal year ended June 30, 2020. The information presented should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

The Housing Authority's basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows.

The statement of net position provides information about the nature and amount of assets, deferred inflows and outflows of resources, and obligations (liabilities) of the Housing Authority as of the end of the year. The statement of revenues, expenses and changes in net position reports revenues and expenses for the current year. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities.

**Financial Highlights:**

The following table summarizes the financial position of the Housing Authority as of June 30, 2020 and 2019:

**Condensed Statement of Net Position**

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$ 279,338	\$ 216,880	\$ 62,458	28.80%
Deferred outflows of resources	<u>127,219</u>	<u>111,795</u>	<u>15,424</u>	13.80%
Current liabilities	33,917	14,626	19,291	131.90%
Non-current liabilities	<u>196,910</u>	<u>237,301</u>	<u>(40,391)</u>	-17.02%
Total liabilities	<u>230,827</u>	<u>251,927</u>	<u>(21,100)</u>	-8.38%
Deferred inflows of resources	<u>95,346</u>	<u>16,537</u>	<u>78,809</u>	476.56%
Net position				
Restricted	-	4,954	(4,954)	-100.00%
Unrestricted	<u>80,384</u>	<u>55,257</u>	<u>25,127</u>	45.47%
Total net position	<u>\$ 80,384</u>	<u>\$ 60,211</u>	<u>\$ 20,173</u>	33.50%

**GREAT PLAINS HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Condensed statement of net position highlights are as follows:

- Current assets increased by approximately \$62,000. The major factors for the increase was an increase in cash and cash equivalents by approximately \$61,000.

The following table summarizes the changes in net position of the Housing Authority for the years ended June 30, 2020 and 2019:

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenue	<u>\$ 2,934,349</u>	<u>\$ 2,594,642</u>	<u>\$ 339,707</u>	13.09%
Expenses				
Administrative	503,569	412,761	90,808	22.00%
Tenant services	39,346	43,869	(4,523)	-10.31%
Utilities	399	480	(81)	-16.88%
Insurance premiums	2,872	2,582	290	11.23%
General expenses	3,347	-	3,347	100.00%
Housing assistance payments	2,364,757	2,147,931	216,826	10.09%
Depreciation expense	-	1,140	(1,140)	-100.00%
Total expenses	<u>2,914,290</u>	<u>2,608,763</u>	<u>305,527</u>	11.71%
Non-operating income (expense)				
Investment Income - Unrestricted	<u>114</u>	<u>27</u>	<u>87</u>	322.22%
Total non-operating	<u>114</u>	<u>27</u>	<u>87</u>	322.22%
Change in net position	20,173	(14,094)	34,267	-243.13%
Net position - beginning of year	<u>60,211</u>	<u>74,305</u>	<u>(14,094)</u>	-18.97%
Net position - end of year	<u>\$ 80,384</u>	<u>\$ 60,211</u>	<u>\$ 20,173</u>	33.50%

Condensed statements of revenues, expenses and changes in net position highlights are as follows:

- Revenue increased from the prior year by approximately \$340,000. The increase was primarily due to increases in HUD PHA operating grants of approximately \$340,000.
- The Housing Authority saw operating costs increase from last year by approximately \$306,000. The increase was mainly due to Housing Assistance Payments and Administrative costs increasing by approximately \$217,000 and \$91,000, respectively.

**GREAT PLAINS HOUSING AUTHORITY**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2020

**Capital Assets**

During fiscal year 2020, there were no additions or disposals for capital assets. Additional information on the Authority's capital assets can be found in Note 4 of this report.

**Factors Bearing on the Housing Authority's Future:**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

**Contacting the Housing Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions regarding this report or need additional information, please contact the Great Plains Housing Authority's Executive Director, David Klein at 300 2nd Avenue NE, Suite 200, Jamestown, North Dakota 58401 or call (701) 252-1098 or by e-mail at david@greatplainsha.com.

**GREAT PLAINS HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 244,650
Accounts Receivable	
Tenants - net of allowance for doubtful accounts of \$38,857	12,820
HUD	5,883
Due from Other Government	13,579
Prepaid Expenses and Other Assets	<u>2,406</u>
Total Current Assets	<u>279,338</u>

Noncurrent Assets

Capital Assets:	
Furniture, Equipment and Machinery	17,177
Accumulated Depreciation	<u>(17,177)</u>
Total Capital Assets - Net	<u>-</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions and OPEB	<u>127,219</u>
Total Assets	<u>406,557</u>

**LIABILITIES**

Current Liabilities	
Account Payable	4,756
Compensated Absences - Current	9,000
Accrued Payroll Liabilities	<u>20,161</u>
Total Current Liabilities	<u>33,917</u>

Noncurrent Liabilities

Compensated Absences - Noncurrent	3,160
Net Pension and OPEB Liability	<u>193,750</u>
Total Noncurrent Liabilities	<u>196,910</u>
Total Liabilities	<u>230,827</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions and OPEB	<u>95,346</u>
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**NET POSITION**

Unrestricted	<u>80,384</u>
Total Net Position	<u>\$ 80,384</u>

**GREAT PLAINS HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**OPERATING REVENUES**

HUD PHA Operating Grants	\$ 2,830,935
Fraud Recovery	14,024
Other Federal Grants	40,561
Other Revenue	48,829
Total Operating Revenues	2,934,349

**OPERATING EXPENSES**

Administrative	476,910
Administrative COVID-19 - Housing Choice Vouchers	26,659
Tenant Services	39,346
Utilities	399
Insurance Premiums	2,872
General Expenses	3,347
Housing Assistance Payments	2,364,757
Total Operating Expenses	2,914,290

**OPERATING INCOME (LOSS)** 20,059

**NON-OPERATING REVENUES (EXPENSES)**

Investment Income - Unrestricted	114
Total Non-Operating Revenues (Expenses)	114

**CHANGE IN NET POSITION** 20,173

**NET POSITION - BEGINNING OF YEAR** 60,211

**NET POSITION - END OF YEAR** \$ 80,384

**GREAT PLAINS HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Subsidies - HUD	\$ 2,839,076
Cash Received from Other Sources	94,790
Cash Paid to Other Suppliers of Goods or Services	(2,408,992)
Cash Payments to Employees for Services	<u>(463,567)</u>
Net Cash Provided (Used) by Operating Activities	<u>61,307</u>

**CASH FLOWS INVESTING ACTIVITIES**

Interest Received	<u>114</u>
Net Cash Provided (Used) by Investing Activities	<u>114</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	61,421
Cash and Cash Equivalents - Beginning of Year	<u>183,229</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 244,650</u></u>

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

Operating Income (Loss)	\$ 20,059
(Increase) Decrease in Assets:	
Accounts Receivable - Tenant	199
Accounts Receivable - HUD	(5,883)
Due from other Governmental Units	5,201
Prepayments	(554)
Increase (Decrease) in Liabilities:	
Accounts Payable	2,283
Accrued Payroll Liabilities	3,227
Accrued Expenses	(26,610)
Adjustment for Pension and OPEB Liabilities	<u>63,385</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 61,307</u></u>

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2020

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General Statement**

The accompanying financial statements of the Great Plains Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Financial Reporting Entity**

The Authority administers housing programs subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD). The Authority's primary operations are the administration of housing assistance programs for low-income residents. The governing body consists of a five-member board of commissioners appointed by the county board.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the previous criteria, the Authority has determined that there are no component units that should be considered as part of the Authority reporting entity.

**Basis of Presentation**

The Authority's accounts are organized as a proprietary (enterprise) fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. Enterprise funds are used to account for operations that provide a service to the public financed by charges to users of that service and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fund Financial Statements**

The Authority segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. All programs have been combined into one enterprise fund for financial statement presentation. The Authority has presented the following major proprietary funds:

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

**Housing Choice Vouchers Program**

This program records the receipt of HUD grants and the subsequent payment to landlords of Housing.

**Home Investment Partnerships Program (HOME)**

This program is for housing rehabilitation, tenant-based rental assistance, assistance to homebuyers, and acquisition of housing and new construction of housing. Assistance Payments along with the other related expenses.

**Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues susceptible to accrual include rental income and capital grants earned but not received. Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenue is recognized when the corresponding expenditure is incurred. The Authority also receives an annual appropriation from HUD, which is recognized as revenue when received, unless it is received prior to the period to which it applies. In that case, revenue recognition is then deferred until the appropriate period.

Investment earnings and revenue from other sources are recognized when earned.

**Budget Information**

The Authority adopts an estimated revenue and expenditure budget for each fund. Comparisons of estimated revenues and budgeted expenditures to actual are not presented in the financial statements. Amendments to the original budget require board approval. Appropriations lapse at year end. The Authority does not use encumbrance accounting.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

**Cash and Cash Equivalents**

All checking, savings, certificates of deposit and cash on hand are included in cash for the cash flow statement. Cash equivalents are considered to be short-term, highly liquid investments that are readily convertible to cash.

**Receivables**

Accounts receivable have been adjusted for all known uncollectible accounts.

**Prepaid Items**

Certain payments made for insurance reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by grantors and other external parties.

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of each fund involved.

**Capital Assets**

Capital assets, which includes property, buildings, furniture and equipment, are reported in the applicable business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. The Authority's capitalization policy is \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the individual assets, which range from three to ten years.

Furniture and fixtures	5 - 10 years
Equipment	3 - 7 years

**Liabilities**

All liabilities are recorded as incurred in the appropriate fund.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

**Unearned Revenue**

The Authority reports prepaid revenues on its statement of net position. Prepaid revenues arise when resources are received by the Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for prepaid revenue is removed from the statement of net position and the revenue is recognized.

**Compensated Absences**

The Authority's policy allows employees to accumulate unused vacation leave. Sick leave may not be accumulated.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources for pension and OPEB related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources for pension and OPEB related items.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted are amounts that do not meet the definition of restricted or net investment in capital assets.

**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 reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

**Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. 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.

**Other Post-Employment Benefits**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 DEPOSITS AND INVESTMENTS**

In accordance with North Dakota Statutes, the Housing Authority maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by any other state of the United States or such other securities approved by the banking board.

For the year ended June 30, 2020, the Housing Authority's carrying amount of deposits was \$244,650 and the bank balance was \$249,281. Of the bank balances, all of it was covered by Federal Depository Insurance.

**Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to it. As of June 30, 2020, the Authority's deposits were not exposed to custodial credit risk.

As of and during the year ended June 30, 2020, the Authority did not own any investments that required disclosure regarding interest rate risk, credit risk, custodial credit risk, or concentration of credit risk.

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

**NOTE 3 RESTRICTED ASSETS**

**Housing Assistance Payments**

The Authority maintains restricted cash in the amount of housing assistance payments equity as required by the grantor. As of June 30, 2020, there was no restricted cash.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for 2020 was as follows:

	<u>Balance</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>6/30/2020</u>
<b>Depreciable Assets</b>					
Furniture, Equipment - Admin.	\$ 17,177	\$ -	\$ -	\$ -	\$ 17,177
Total Property and Equipment	17,177	-	-	-	17,177
Less Accumulated Depreciation	<u>(17,177)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,177)</u>
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 COMPENSATED ABSENCES**

Changes in compensated absences for the year ended June 30, 2020 are as follows:

	<u>Balance</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2020</u>	<u>Current</u> <u>Maturities</u>
PTO Leave	<u>\$ 8,933</u>	<u>\$ 11,779</u>	<u>\$ 8,552</u>	<u>\$ 12,160</u>	<u>\$ 9,000</u>

**NOTE 6 PENSION PLAN**

***North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

***Pension Benefits***

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

***Death and Disability Benefits***

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

***Refunds of Member Account Balance***

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

***Member and Employer Contributions***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contributions rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

At June 30, 2020, the Authority reported a liability of \$182,117 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 Authority's proportion of the net pension liability was based on the Authority's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At **June 30, 2019**, the Authority's proportion was 0.015538 percent, which was an increase of 0.002574 from its proportion measured as of **June 30, 2018**.

For the year ended June 30, 2020, the Authority recognized pension expense of \$44,198. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 109	\$ 33,050
Changes in actuarial assumptions	68,052	58,429
Difference between projected and actual investment earnings	3,173	-
Changes in proportion	35,453	3,208
Contributions paid to NDPERS subsequent to the measurement date	14,947	-
Total	<u>\$ 121,734</u>	<u>\$ 94,687</u>

\$14,947 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

<u>Year ending June 30:</u>	<u>Pension Expense Amount</u>	
2021	\$	17,085
2022		11,701
2023		(1,544)
2024		(11,440)
2025		(3,704)

**Actuarial assumptions.** The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%		
Salary increases	<u>Service At</u>		<u>Non-State</u>
	<u>Beginning of Year</u>	<u>State Employee</u>	<u>Employee</u>
	0	12.00%	15.00%
	1	9.50%	10.00%
	2	7.25%	8.00%
	Age		
	Under 30	7.25%	10.00%
	30-39	6.50%	7.50%
	40-49	6.25%	6.75%
	50-59	5.75%	6.50%
	60+	5.00%	5.25%

\*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return    7.50%, net of investment expenses

Cost-of-living adjustments    None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	30.00%	6.30%
International Equity	21.00%	6.93%
Private Equity	7.00%	10.15%
Domestic Fixed Income	23.00%	2.11%
Global Real Assets	19.00%	5.41%
Cash Equivalents	0.00%	0.25%

**Discount rate.** For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

**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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
Authority's proportionate share of the NDPERS net pension liability:	\$261,116	\$182,117	\$115,743

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

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

***North Dakota Public Employees Retirement System***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2020, the Authority reported a liability of \$11,633 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of **June 30, 2019**, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on the Authority's share of covered payroll in the OPEB plan relative to the covered payroll of all participating Main System employers. At **June 30, 2019**, the Authority's proportion was 0.014484 percent. For the year ended June 30, 2020, the Authority recognized OPEB expense of \$1,748. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 287	\$ 363
Changes of assumptions	1,386	-
Net difference between projected and actual earnings on OPEB plan investments	13	-
Changes in proportion and differences between employer contributions and proportionate share of contribution measurement date	1,406	296
	<u>2,393</u>	<u>-</u>
Total	<u>\$ 5,485</u>	<u>\$ 659</u>

\$2,393 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

Year Ending June 30:		
2021	\$	380
2022		380
2023		488
2024		468
2025		348
2026		302
Thereafter		67

**Actuarial assumptions.** The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	Not applicable
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Large Cap Domestic Equities	33.00%	6.00%
Small Cap Domestic Equities	6.00%	7.30%
International Equities	21.00%	6.95%
Domestic Fixed Income	40.00%	2.07%

**GREAT PLAINS HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2020**

**Discount rate.** The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2019, and July 1, 2018, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the Plan as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Authority's proportionate share of the net OPEB liability	\$ 14,848	\$ 11,633	\$ 8,881

**NOTE 8 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; workers' compensation claims; and natural disasters. Property and casualty and worker's compensation liabilities are insured. The Authority retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the general-purpose financial statements.

**NOTE 9 CONTINGENCIES**

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**NOTE 10 ECONOMIC DEPENDENCY**

The Authority is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The Authority operates at a loss prior to receiving contributions and grants from HUD.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

**NOTE 11 NEW PRONOUNCEMENTS**

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**GREAT PLAINS HOUSING AUTHORITY**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2020

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Management has not yet determined the effect these pronouncements will have on the Authority's financial statements.

**NOTE 12 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Authority's year end. Subsequent events have been evaluated through January 15, 2021, which is the date these financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM (NDPERS)**  
**LAST 10 FISCAL YEARS**

For the Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.015538%	\$ 182,117	\$ 161,621	112.68%	71.66%
2018	0.012964%	218,782	133,184	164.27%	63.53%
2017	0.013545%	217,713	138,270	157.45%	61.98%
2016	0.013154%	128,199	132,566	96.71%	70.46%
2015	0.009014%	61,294	80,302	76.33%	77.15%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The Authority implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is unavailable.

See Note to the Required Supplementary Information

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF CONTRIBUTIONS - PENSION**  
**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM (NDPERS)**  
**LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 14,947	\$ 14,947	\$ -	\$ 209,929	7.12%
2019	9,809	10,304	(495)	133,184	7.74%
2018	10,026	9,799	227	138,270	7.09%
2017	9,597	9,365	232	132,566	7.06%

The Authority implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is unavailable.

See Note to the Required Supplementary Information

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM (NDPERS)**  
**LAST 10 FISCAL YEARS**

For the Fiscal Year Ended June 30	Authority's proportion of the net OPEB liability (asset)	Authority's proportionate share of the net OPEB liability (asset)	Authority's covered employee payroll	Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.014484%	\$ 11,633	\$ 161,621	7.20%	63.13%
2018	0.012172%	9,586	133,184	7.20%	61.89%
2017	0.013545%	10,110	138,270	7.31%	59.78%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The Authority implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is unavailable.

See Note to the Required Supplementary Information

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF CONTRIBUTIONS - OPEB**  
**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM (NDPERS)**  
**LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Authority's Covered - Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2020	\$ 2,393	\$ 2,393	\$ -	\$ 209,929	1.16%
2019	1,842	1,842	-	161,611	1.14%
2018	1,607	1,569	38	138,270	1.16%

The Authority implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is unavailable.

See Note to the Required Supplementary Information

**GREAT PLAINS HOUSING AUTHORITY**  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 – CHANGES OF BENEFIT TERMS AND ASSUMPTIONS**

**ND PERS**

***Changes of benefit terms***

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

***Changes of assumptions***

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

**OPEB**

***Changes of benefit terms***

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

***Changes of assumptions***

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

## **SUPPLEMENTARY INFORMATION**

**GREAT PLAINS HOUSING AUTHORITY**  
**COMBINING SCHEDULE OF NET POSITION**  
**JUNE 30, 2020**

	Section 8 Housing Choice Vouchers	HOME Investment Partnership	TOTAL
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 244,650	\$ -	\$ 244,650
Accounts Receivable			
Tenants - net of allowance for doubtful accounts	12,820	-	12,820
HUD	5,883	-	5,883
Due from Other Governments	10,859	2,720	13,579
Due from Other Funds	2,720	-	2,720
Prepaid Expenses and Other Assets	2,406	-	2,406
Total Current Assets	279,338	2,720	282,058
Noncurrent Assets			
Capital Assets:			
Furniture, Equipment and Machinery	17,177	-	17,177
Accumulated Depreciation	(17,177)	-	(17,177)
Total Capital Assets - Net	-	-	-
Total Assets	279,338	2,720	282,058
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions and OPEB	127,219	-	127,219
Liabilities			
Current Liabilities			
Account Payable	4,756	-	4,756
Due to Other Funds	-	2,720	2,720
Compensated Absences - Current	9,000	-	9,000
Accrued Payroll Liabilities	20,161	-	20,161
Total Current Liabilities	33,917	2,720	36,637
Noncurrent Liabilities			
Compensated Absences - Noncurrent	3,160	-	3,160
Net Pension and OPEB Liability	193,750	-	193,750
Total Noncurrent Liabilities	196,910	-	196,910
Total Liabilities	230,827	2,720	233,547
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions and OPEB	95,346	-	95,346
Net Position			
Unrestricted	80,384	-	80,384
Total Net Position	\$ 80,384	\$ -	\$ 80,384

**GREAT PLAINS HOUSING AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Housing Choice Vouchers	HOME Investment Partnership	TOTAL
<b>OPERATING REVENUES</b>			
HUD PHA Operating Grants	\$ 2,830,935	\$ -	\$ 2,830,935
Fraud Recovery	14,024	-	14,024
Other Federal Grants	-	40,561	40,561
Other Revenue	48,829	-	48,829
Total Operating Revenues	2,893,788	40,561	2,934,349
<b>OPERATING EXPENSES</b>			
Administrative	476,910	-	476,910
Administrative - COVID-19	26,659	-	26,659
Tenant Services	-	39,346	39,346
Utilities	399	-	399
Insurance Premiums	2,872	-	2,872
General Expenses	3,347	-	3,347
Housing Assistance Payments	2,364,757	-	2,364,757
Total Operating Expenses	2,874,944	39,346	2,914,290
<b>OPERATING INCOME (LOSS)</b>	18,844	1,215	20,059
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment Income - Unrestricted	114	-	114
Total Non-Operating Revenues (Expenses)	114	-	114
Income (Loss) Before Capital Grants and Transfers	18,958	1,215	20,173
Transfer In (Out)	1,215	(1,215)	-
<b>CHANGE IN NET POSITION</b>	20,173	-	20,173
Net Position - Beginning of Year	60,211	-	60,211
<b>NET POSITION - END OF YEAR</b>	\$ 80,384	\$ -	\$ 80,384

**GREAT PLAINS HOUSING AUTHORITY**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Section 8 Housing Choice Vouchers	HOME Investment Partnerships	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Subsidies - HUD	\$ 2,839,076	\$ -	\$ 2,839,076
Cash Received from Other Sources	38,169	56,621	94,790
Cash Paid to Other Suppliers of Goods or Services	(2,369,646)	(39,346)	(2,408,992)
Cash Payments to Employees for Services	(463,567)	-	(463,567)
Net Cash Provided (Used) by Operating Activities	44,032	17,275	61,307
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers To/From Other Funds	1,215	(1,215)	-
Due To/From Other Funds	16,060	(16,060)	-
Net Cash Provided (Used) by Noncapital Activities	17,275	(17,275)	-
<b>CASH FLOWS INVESTING ACTIVITIES</b>			
Interest Received	114	-	114
Net Cash Provided by Investing Activities	114	-	114
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	61,421	-	61,421
Cash and Cash Equivalents - Beginning of Year	183,229	-	183,229
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 244,650</b>	<b>\$ -</b>	<b>\$ 244,650</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 18,844	\$ 1,215	\$ 20,059
(Increase) Decrease in Assets:			
Accounts Receivable - Tenants	199	-	199
Accounts Receivable - HUD	(5,883)	-	(5,883)
Due from other Governmental Units	(10,859)	16,060	5,201
Prepayments	(554)	-	(554)
Increase (Decrease) in Liabilities:			
Accounts Payable	2,283	-	2,283
Accrued Payroll Liabilities	3,227	-	3,227
Accrued Expenses	(26,610)	-	(26,610)
Adjustment for Pension and OPEB Liabilities	63,385	-	63,385
Net Cash Provided (Used) by Operating Activities	\$ 44,032	\$ 17,275	\$ 61,307

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Housing and Urban Development			
Direct Assistance:			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers Cluster	14.871		\$ 2,595,242
CARES Act - Section 8 Housing Choice Vouchers Cluster	14.871		72,384
Mainstream Vouchers	14.879		163,309
Total Housing Voucher Cluster			2,830,935
Passed Through the North Dakota Department of Commerce Divison of Community Services			
HOME Investment Partnerships	14.239	4616-M19-14	40,561
Total Expenditures of Federal Awards			\$ 2,871,496

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 2 – INDIRECT COST RATE**

Great Plains Housing Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Great Plains Housing Authority under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

To the Board of Commissioners  
Great Plains Housing Authority  
Jamestown, North Dakota

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 Great Plains Housing Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Great Plains Housing Authority's basic financial statements, and have issued our report thereon dated January 15, 2021.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Great Plains Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Great Plains Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Great Plains Housing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs on items 2020-001 and 2020-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Great Plains Housing 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, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Authority's Response to Findings**

Great Plains Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Great Plains Housing Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

January 15, 2021

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners  
Great Plains Housing Authority  
Jamestown, North Dakota

### **Report on Compliance for Each Major Federal Program**

We have audited the Great Plains Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Great Plains Housing Authority's major federal programs for the year ended June 30, 2020. The Great Plains Housing 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 Great Plains Housing 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 Great Plains Housing 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 Great Plains Housing Authority's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Great Plains Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the Great Plains Housing 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 Great Plains Housing 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 Great Plains Housing 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

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



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

January 15, 2021

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
    Material weakness(es) identified? \_\_\_ yes   x   no  
    Significant deficiency(ies) identified that are  
    not considered to be material weaknesses?   x   yes \_\_\_ none reported

Noncompliance material to financial  
statements noted? \_\_\_ yes   x   no

Federal Awards

Internal control over major programs:  
    Material weakness(es) identified? \_\_\_ yes   x   no  
    Significant deficiency(ies) identified that are  
    not considered to be material weaknesses? \_\_\_ yes   x   no

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  
2 CFR 200.516(a)? \_\_\_ yes   x   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871 & 14.879	Section 8 Housing Choice Vouchers Cluster

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

Auditee qualified as low-risk auditee?   x   yes \_\_\_ no

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Section II-Financial Statement Findings**

**2020-001      Preparation of Financial Statements and Schedule of Expenditures of Federal Awards – Significant Deficiency**

**Criteria**

An appropriate system of internal controls requires the Authority to prepare financial statements and the schedule of expenditures of federal awards (SEFA) in compliance with accounting principles generally accepted in the United States of America.

**Condition**

The Authority does not have internal resources to prepare full-disclosure financial statements, including adjusting journal entries, required by GAAP for external reporting. The Authority is aware of this deficiency and elected to have the auditors assist in the preparation of the financial statements and notes.

**Cause**

The Authority elected to not allocate resources for the preparation of financial statements and SEFA.

**Effect**

There is an increased risk of material misstatement to the Authority's financial statements and SEFA.

**Recommendation**

We recommend the Authority consider the additional risk of having the auditors assist in the preparation of the financial statements, note disclosures and SEFA and consider preparing them in the future. As a compensating control, the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

**Views of Responsible Officials**

Management recognizes the deficiency and believes it is effectively handling the reporting responsibilities given the size of the Authority.

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**2020-002      Segregation of Duties**

Criteria

An appropriate system of internal control contemplates an adequate system for recording and processing entries material to the financial statements. The system should have enough controls so that no one person handles a transaction from beginning to the end. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping, and reconciliation functions.

Condition

The Authority does not have adequate separation of duties in cash receipts, cash disbursements, accounts payable and purchasing, payroll and related liabilities, and general ledger maintenance and reconciliation.

Effect

The deficiency could result in a misstatement to the financial statements that would not be detected or prevented in the normal course of business. The deficiency also could result in unauthorized transactions or loss of assets.

Cause

There is a limited segregation of duties in the internal control process.

Recommendation

While we recognize that the Authority's staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the Authority. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements

Views of Responsible Officials

Due to additional costs, the Authority will continue to keep the staff at the current level. The Authority will try to involve the Board of Commissioners more actively in the review and supervision of disbursements and transactions.

**Section III-Federal Award Findings and Questioned Costs**

There are no findings to be reported in this section.

**GREAT PLAINS HOUSING AUTHORITY**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**2019-001 Preparation of Financial Statements and Schedule of Expenditures of Federal Awards – Significant Deficiency**

**Criteria**

A complete system of internal accounting control contemplates an adequate system for preparing the Authority's financial statements and the schedule of expenditures of federal awards (SEFA).

**Condition**

The Authority does not have internal resources to prepare full-disclosure financial statements, including adjusting journal entries, required by GAAP for external reporting. The Authority is aware of this deficiency and obtains the auditor's assistance in the preparation of the Authority's annual financial statements.

**Current Year Status**

See 2020-001

**2019-002 Segregation of Duties**

**Criteria**

An appropriate system of internal control contemplates an adequate system for recording and processing entries material to the financial statements. The system should have enough controls so that no one person handles a transaction from beginning to the end. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping, and reconciliation functions.

**Condition**

The Authority does not have adequate separation of duties in cash receipts, cash disbursements, accounts payable and purchasing, payroll and related liabilities, and general ledger maintenance and reconciliation.

**Current Year Status**

See 2020-002

**2019-003 Eligibility**

**Federal Program – Section 8 Housing Choice Voucher Cluster CFDA #14.871 and #14.879**

**Criteria**

The Authority's policy requires all tenant files to have a completed independent review checklist.

**Condition**

During our review of 40 tenant files, we found four files that did not have an independent review checklist completed.

**Corrective Action Taken**

The Authority implemented procedures to ensure all tenant files have a completed independent review checklist



**Corrective Action Plan  
June 30, 2020**

**2020-001**

Contact Person

David Klein, Executive Director

Corrective Action Plan

To implement more internal controls in regards to the general entries and have an additional staff member review the entries.

Planned Completion Date for CAP

June 30, 2021

**2020-002**

Contact Person

David Klein, Executive Director

Corrective Action Plan

Management plans on reviewing control processes and segregating duties further to mitigate the risk of unauthorized transactions or loss of assets.

Planned Completion Date for CAP

June 30, 2021

David Klein, Executive Director  
01/15/2021

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